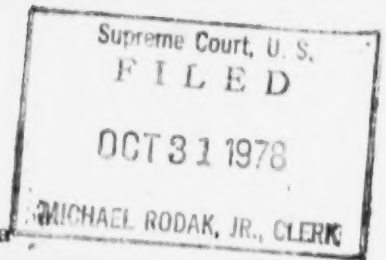


APPENDIX  
Volume III  
Pages 766a to 941a



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IN THE  
Supreme Court of the United States  
OCTOBER TERM, 1977  
No. 77-654

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THE GREAT ATLANTIC & PACIFIC TEA  
COMPANY, INC.,

*Petitioner,*

—against—

FEDERAL TRADE COMMISSION,

*Respondent.*

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ON WRIT OF CERTIORARI TO THE UNITED STATES  
COURT OF APPEALS FOR THE SECOND CIRCUIT

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PETITION FOR CERTIORARI FILED NOVEMBER 7, 1977  
CERTIORARI GRANTED MARCH 20, 1978

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Slip

9/2/60

Yesterday's meeting with Elmer Schumert  
was before mentioned this matter.

"remains" yesterday we knew before that we  
want emigration.

At a point of the old details were made - first  
of letter - competition idea - how to be done now and  
how to come down.

Letter about letter - RST has to realize that when  
you come out with a letter - the biggest single  
thing about how happens in the Chinese market.  
Emigration is very much follows - RST is in  
China but we are - understood and organized.  
Letter candidate - existence of some size - availability.  
how to also say - emigration is an definite  
not balance cost - not designed to increase; different

to grow up matter of cost - before of  
meeting emigration - in our process  
meeting of emigration - you were in China  
as to state some - some - understood what  
you are saying, simultaneously competition, state  
you thought it up - stands being as to the  
other time.

RST says - Bureau that has a relationship for  
- 2 - to many cases - great impact for an emigration  
they for us - say some - RST would like  
much - a look for a position - should make  
first look in position - RST were  
suppose - thought they were going to get  
a second letter from RST - conclusion  
they would have to be outside for other  
position - RST - some directly showed -

63B  
9/24/65

variation were tremendously different. I'd ...  
 that if our quote was unreasonable we were  
 out. Examined details we were being  
 to look at it from "anybody's" accounting.  
 Reversal - now you have substantially  
 met the other parties. E.S. I should  
 like to 100% right - We will get into  
 this week this time. I'm an legal counsel  
 I'm concerned the possible legal involvement  
 and am glad you brought this up.  
 Our primary thing here production around  
 low bid.

I'm more than sure - this time you have  
 behavior reflects price between various markets like  
 the difference in various prices.

Commodity & time & action. Later to show about  
 their buying the condition. Get into detail  
 what we were going - stay away from P.K.  
 we show and let me price it - easy.  
 anything.

Staff

9/22/65

Yesterday's meeting with Elmer Schmidt we believe concluded this matter.

Convinced yesterday as never before that we met competition.

At a point after all details were covered - point of letter - sensitive area - has to be done and we have to cover same -

Talked about letter - A&P has to realize that when you come out with a letter - the biggest single thing that has happened in the Chicago market. Litigation can very well follow. A&P is in same boat we are. Understand and recognizes. Letter indicate - customers of same size - availability. have to also say - our prices to you are defensible - not below cost - not designed to injure. Difficult to prove up matter of cost. Defense of meeting competition. In our opinion meeting of competition - you will be called on to state the same. Said - understand what you are saying, tremendously important, glad you brought it up - should hang on to the other bids.

RRM says "Borden and A&P had a relationship for a great many years - great respect for our customers - they for us. Day came - A&P wanted P. L. milk -asked for a quotation. Studied and put together a quotation - A&P was surprised - thought they were going to get a much better price on P. L.

Concluded they would have to go outside for other quotations - Did - were terribly shocked - Quotations were tremendously different. Told us that if our quote was unchanged we were out. Examined - decided we would have to look at it from "anyhow" accounting. Revised - now you have substantially met the other quotes. "E.S." I think this is 100% right - We will get into this with Bill Lewis - Ira and legal counsel. Have discussed the possible legal involvement and am glad you brought this up. Our opinion they had quotations around our bid.

Said more than once - this brings you there. Schedules reflect prices between various markets tied to difference in farmer prices.

Covered glass gallons - talked to them about their buying the containers - Got into details what we were prefer - Stay away from P. L. in glass and let us price it-very receptive.

770a

THE BORDEN COMPANY  
CENTRAL DIVISION

1821 S. KILBOURN AVENUE

CHICAGO, ILLINOIS 60623



RALPH R. MINKLER  
PRESIDENT

September 23, 1965.

Mr. Jack B. Pentz, President  
Borden's Milk and Ice Cream Co.,  
Division of The Borden Company  
350 Madison Avenue  
New York, New York 10017.

Dear Jack:

As of the time I am dictating this letter (which is right after noon) we have not had any further word from A & P. Everything stands right where it did when I talked to you by telephone this morning.

Enclosed are two sets of the material presented to Elmer Schmidt yesterday afternoon.

I again want to remind you that the figure of \$882,837 when updated to September pay prices to the farmers, becomes approximately \$820,000. Just so you have the detail on this it is as follows:

For Chicago-Calumet, the farmer price has moved from \$4.29 to \$4.32. This 3¢ increase in the cost of Milk will reduce A & P's savings in this area by \$15,284.

In the South Bend area (Zone #2) the price is unchanged - it remains at \$4.32.

In Zone #3 - Rockford-Joliet, the farmer price has moved from \$4.00 to \$4.21, which will reduce A & P's savings by \$5,409.

Zone #4 is a Miscellaneous area in Illinois, and the price has moved from \$3.78 to \$4.21. This will affect A & P by \$26,976.

In Zone #5, which is Rock Island, the price has moved from \$3.88 to \$4.31, with an affect of \$15,246.

EX-64A

*Copy to [unclear] (Borden's Milk)*  
*Letter 9/21/65*  
*to [unclear]*  
*7 [unclear]*  
*RR*

771a

Mr. Jack B. Pentz

September 23, 1965.

- 2 -


Added up, these total \$62,916 - which when subtracted from the \$882,837, approximates \$820,000.

I am sincerely hoping that we get some final word from A & P today. After that, what unfolds from all of this, only time will disclose. I am sure it will be tremendous.

RRM\*mlb

enc 2 sets of prices:

Cordially,



Ralph R. Minkler.

64B



*Adon. neglectus* (L.) Greene (var. *adon. 3-lobatus*)

## COMMODITY

All Paper

COMMODITY	YEARLY USAGE UNITS	BORDEN LABEL COST	Common's AvP Label Cost	BORDEN LABEL COST	DIFFERENTIAL
<u>All Paper</u>					
Gals. Homo	1,260,342	\$ 887,419	# 789,735	757,387	# 130,062
1/2 Gals. Homo	7,044,909	2,541,638	2,704,357	2,145,219	\$ 51,826
Qts. Homo	2,543,658	511,749	441,936	475,390	392,722
Qts. Chocolate	226,443	53,802	47,068	52,329	163,355
1/2 Gals. Buttermilk	405,236	147,766	126,735	135,423	72,211
Qts. Buttermilk	683,401	133,796	101,417	117,176	35,359
1/2 Gals. 2%	1,022,943	338,294	300,160	318,153	6,120
1/2 Gals. Skim	630,604	212,438	188,645	197,964	1,473
Qts. Skim	522,252	98,211	85,774	83,393	22,521
1/2 Pts. Whip Cream	372,302	111,401	95,937	100,138	12,343
Pts. Half & Half	1,798,400	569,903	488,397	502,615	32,874
		\$5,606,447	4,819,111	\$5,197,182	16,620
					51,424
					20,141
					37,187
					15,512
					24,621
					14,818
					14,561
					11,263
					98,653
					67,238
					893,131
					\$410,009

II TBF 117

SUMMARY PRESENT COST VS BORDEN & BOWMAN QUOTATIONS

<u>COMMODITY</u>	<u>YEARLY USAGE UNITS</u>	<u>BORDEN LABEL COST</u>	<u>BOWMAN'S A&amp;P LABEL QUOTATION</u>	<u>BORDEN'S A&amp;P LABEL QUOTATION</u>	<u>COST SAVINGS BORDEN VS A&amp;P QUOTATION FROM BORDEN</u>
<u>ALL PAPER</u>					
Gals. Homo	1,260,342	\$ 887,449	\$ 789,235	\$ 757,387	\$ 130,062
½ Gals. Homo	7,044,909	2,541,638	2,204,357	2,148,909	392,729
Qts. Homo	2,543,658	511,749	441,936	438,438	73,311
Qts. Chocolate	226,443	53,802	47,068	47,702	6,100
½ Gals. Buttermilk	405,236	147,766	126,735	125,245	22,521
Qts. Buttermilk	683,401	133,796	101,417	100,922	32,874
½ Gals. 2%	1,022,943	338,294	300,160	286,870	51,424
½ Gals. Skim	630,604	212,438	188,645	174,951	37,487
Qts. Skim	522,252	98,211	85,224	74,190	24,021
½ Pts. Whip Cream	372,302	111,401	95,937	96,832	14,569
Pts. Half & Half	1,798,400	569,903	488,397	471,870	98,033
		<u>\$5,606,447</u>	<u>\$4,869,111</u>	<u>\$4,723,316</u>	<u>\$ 383,131</u>

00069

CX65B



The Buntch

9/18

Attached is the latest detail on  
AVP label milk. It includes

Summary of Buden vs. Burman's G.P.  
Buden's G.P.

Buden's Quotations and program  
Quota on all as of May 1, 1948  
prices

Burman's Quotations

AVP yellow glass is not quoted in the  
attached because for them it does so would  
mean!

Carrying additional glass inventory  
Using bottle common to both these  
label and answer yet distinguishable  
from competition for separation  
at Chicago bottle exchange  
Color band on neck may  
suffice.

Further do we want to encourage  
sale of ~~quotation~~ <sup>quotation</sup> when they have  
been troublesome at the store line

The Chicago Trust presently leaves to  
attention of Buden Label - however  
we have not had our final meeting  
on this subject!

00108

Buden's quotation is applicable to all  
low story. What action would be  
dropped has not been decided.

In Lewis Label will be put in addition to Bonden & A.P. temporarily until experience can be gained.

Quotations are based on bonden's basis as of May 2nd. The differential between Bonden & A.P. on today's prices would be approx 60,000 lbs or \$810,000. - since Bonden has absorbed the increase on their own label since that date.

In, I shall call you tomorrow (Wed AM) and discuss further with you

D.

Bonden's letter concerning "Proportionately equal prices will be here tomorrow"

Granger will see me next week - doubtful he'll have quotations however

(87

Form 242 - 4-64  
Ptd. in U.S.A.

776a

# INTER-COMPANY CORRESPONDENCE

To: Mr. E. R. Schmidt

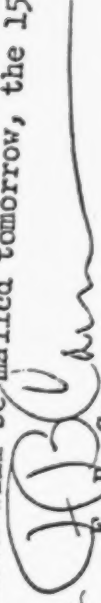
From: F. B. Carver

Date 10/14/65

Subject: A&P (Private) Label Milk

Confirming our conversation, Mr. Herschel Smith, of Headquarters called and advised that Chicago Unit has approval to handle private label milk.

A confirming letter from Mr. Smith will be mailed tomorrow, the 15th.

  
F. B. Carver

## Copies:

Mr. E. J. Vogel  
Mr. M. E. Pierce  
Mr. R. G. Gamble

10/15 To Buden - S. Jan  
Fred Meyer ~~11/1~~

CK 70A

9552 11X

7777A

174

Mr. E. B. Schmidt

P. B. Carter

10/11/55

A22 (Rebate) Label MMR

Confirming our conversation, Mr. Marcel Smith, of Headquarters called and advised that Chicago Unit has approval to handle private label milk.

A confirming letter from Mr. Smith will be mailed tomorrow, the 15th.

P. B. Carter

Copies:  
Mr. R. J. Vogel  
Mr. H. T. Plesse  
Mr. R. G. Cable

*Delivered 11/1/55  
JHP*

CX 70 B

00065



WBSa

CXID-11A

10/14/61-

h. P.

Tam reported late in the afternoon that he had a telephone call from Edna Belmont who indicated that we were the private today supplier and that he wanted to rent motel Tam the first stay on Friday morning.

The point was in reference to Tam of other importance of preparing to organize the programs had from RPT standpoint was news, learning of government, prominence of certain etc were only a few of the matters involved. It was our hope that possibly the obituary date would not be earlier than Dec. 1, 1965.

Tam indicated that RPT had scheduled an assembly then meeting in this area on Oct 26, 1960 and thought that the matter would be discussed then.

A&P

10/14/65

Tarr reported late in the afternoon that he had a telephone call from Elmer Schmidt who indicated that we were the private label supplier and that he wanted to visit with Tarr the first thing on Friday morning.

The point was expressed to Tarr of the importance of proper time to organize the program both from A&P standpoint and ours. Training of personnel, procurement of cartons, etc. were only a few of the matters involved. It was our hope that possibly the starting date would not be earlier than Dec. 1, 1965.

Tarr indicated that A&P had scheduled an organization meeting in this area on Oct. 26, 1965 and thought that the matter would be discussed then.

W-111-131  
September 21, 1965

Company - Central Division

CX 75A

Private Label Program

The following is a tentative outline of the program is based upon the following assumptions and the objectives of this new program are outlined below:

1. Borden personnel will assist in the formulation of this new program. *Per-*
2. Borden personnel will also assist A & P personnel during the introductory period in the various phases of ordering and rotating of merchandise so that the program will achieve its ultimate sales goals and expectations. (Suggested Bulletins to Supervisors and Store Managers attached.) *Per-*
3. A complete line of dairy products, as supplied by The Borden Company, should be featured in your dairy case.
4. Deliveries will be on a limited service basis as follows:
  - (a) Stores served on a three-day per week basis will receive one delivery on Monday-Wednesday-Friday or Tuesday-Thursday-Saturday.
  - (b) Stores served on a five-or six-day per week basis will receive one delivery per day.
  - (c) The delivery time to each store will be handled in a manner to effectuate the most efficient delivery schedule.
  - (d) Special deliveries shall not be made except in unusual instances, such as Borden's failure to perform on the advance order. *Per- Charge only*

5. Deliveries at the store level shall be handled in the following manner:

- (a) To the receiving door of the store. *Private Label*
- (b) To a designated place on the receiving platform. *per*
- (c) To a refrigerated storage box that can be entered directly from a platform or ground level location and into which dairy products can be conveniently stocked. *dependent on*
- (d) If dairy products are delivered to a refrigerated storage box, adequate storage space shall be provided so that proper rotation of carry-over merchandise can be handled by store personnel. *merchandise*
- (e) Empty milk cases and bottles shall be placed at a designated point for easy accessibility and pickup. *private label*

B-781-11

CX 1/3

- 2 -

## 6. Ordering of Products.

- (a) Advance order delivery tickets shall be supplied by The Borden Company.

*New to all  
but 156 deep  
del points.*

- primarily* (b) Advance order tickets for the following delivery shall be completed for presentation to the Borden driver at time of delivery.

## 7. Code Dates.

- (a) Products are clearly coded on the gable of the milk items and on the bottom of all bucket products.
- (b) All products are coded with an expiration date.
- (c) Code date expirations shall be explained in the Chicago Unit Office and at local levels.

## 8. Credit for Product Returns.

- (a) Credit for product returns shall be only on the basis of faulty containers or product remaining within code date.

*Newington  
to present*

9. Borden's will not be obligated to furnish any merchandising material: price promotions, demonstrators, or special displays on A & P labelled products under this program.

10. Borden salesmen's services will be supplied at the store level only, to follow through on a complaint covering such matters as service, product, or container.

*✓ ✓ ✓*

*\* D. Inc. City in other markets (Indianapolis etc.) for  
merchandise articles at store level - if any.*



730  
Suggestion for

BULLETIN NO. I

ATTENTION STORE NO. \_\_\_\_\_

TO: SUPERVISORS AND STORE MANAGERS

Your store will be serviced with A & P labeled milk products by The Borden Company on a drop shipment delivery basis.

The essentials of this new purchasing arrangement are as follows:

1. Limited deliveries.
2. No returns.
3. No service in regard to rotation, stocking, etc.
4. Pre-order of merchandise.

We will advise you shortly of the requirements of ordering and handling of milk products under this new program and of our arrangements with Borden's.

The Borden Company will soon hold a series of meetings to explain to you the coordination of deliveries and to evaluate your physical set-up. The new pre-order system and control guide will help you obtain a pattern in regard to your requirements. These things must be covered in order that you may sensibly pre-order merchandise from the above supplier for your store's needs.

Please give these people your utmost cooperation. We recommend that you fully explain these procedures to your Assistant Manager, Dairy Department Head, or someone responsible for the operation and the ordering of dairy products. The new aspects of this system should be thoroughly understood and followed by members of your organization.

We will advise you shortly in regard to items and procedures and other details.

75  
-Supplement for

BULLETIN NO. II

FOR SUPERVISORS AND STORE MANAGERS

The new A to P private label milk delivery program has now been worked out, and deliveries to your stores will start on Monday       . With this new program, we will be getting maximum benefits from the fast moving dairy items and it will be to our advantage for you to work with your supplier to handle this properly in order that we may all be successful in this venture.

Deliveries will be made on a limited service basis as follows:

- (a) Stores served on a three day per week basis will receive one delivery on Monday-Wednesday-Friday or Tuesday-Thursday-Saturday.
- (b) Stores served on a five or six day per week basis will receive one delivery per day.
- (c) Special deliveries shall not be made except the failure of Borden's to perform on the advance order.

Deliveries at the store level shall be handled in the following manner:

- (a) To the receiving door of the store.
- (b) To a designated place on the receiving platform.
- (c) To a refrigerated storage box that can be entered directly from a platform or ground level location and into which dairy products can be conveniently stocked.
- (d) If dairy products are delivered to a refrigerated storage box, adequate storage space shall be provided so that proper rotation of carry-over merchandise can be handled by store personnel.
- (e) Empty milk cases and bottles shall be placed at a designated point for easy accessibility and pick-up.

Ordering of Products

- (a) Pre-order forms will be furnished to you by The Borden Company.
  - (b) This order must be completed and be available in the cooler at the time of the delivery for the driver to pick up.
- 16

75 E

Example: On three day delivery -- Monday delivery, pick up your order on Wednesday. Wednesday delivery, pick up your order for Friday. Friday delivery, pick up order for Monday, etc.

On the five or six day delivery schedule, the order again must be completed and available in the cooler for the following day's delivery.

Please follow instructions in order that we may have no inconvenience or unnecessary expense by orders not being available as outlined above.

In all cases, order changes will not be accepted since they can be adjusted on the following day's order.

We recommend you try, whenever possible, to order merchandise in even cases. This may not be possible in smaller volume stores.

As always in the use of your order form, you must take into consideration your meat feature, the week-end pay days, 15th and 1st of the month, holidays, individual store promotions on dairy features, and consult your past order forms and inventories.

All products are under a "no return" basis and the only exception will be for manufacturing defects. Please use care.

#### Codes

- (a) Products are clearly coded on the gable of the milk items and on the bottom of all bucket products.
- (b) All products are coded with an expiration date.
- (c) Code date expiration shall be explained to you at future meetings.
- (d) Please check code dates daily and rotate. There will be no services offered in regard to rotation and checking by the supplier. Do not make the customer unhappy by having old products in the case due to lack of attention to this operation.

For those stores who are presently on a three day drop delivery method, this should be nothing new for you. It might be well, however, to again review all of the procedures in the ordering and handling of dairy products.

We sincerely believe that this new milk program is another stride forward for our company and you will be able to achieve your ultimate sales goals and expectations.

11

October 20, 1965

THE RORDEN COMPANYCHICAGO - CALUMET AREA (ZONE NO. 1)A & P PRIVATE LABEL( Related to the Present Announced Superpool Class I Price of \$4.32 )

	Net for A & P Private Label
Homo V. D. Milk - Gal. Paper	.6248
Homo V. D. Milk - 1/2 Gal. Paper	.3124
Homo V. D. Milk - Qts. Paper	.1712
2% - 1/2 Gal. Paper	.2914
Vitamin Fortified Skim - 1/2 Gal. Paper	.2834
Vitamin Fortified Skim - Qts. Paper	.1407
Half & Half - Pts. Paper	.2447
Chocolat Milk - Qts. Paper	.2157
Buttermilk - 1/2 Gal. Paper	.3044
Buttermilk - Qts. Paper	.1567
Whipping Cream - 1/2 Pts. Paper	.2647



October 20, 1965

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THE BORDEN COMPANYSOUTH BEND AREA (ZONE NO. 2)A & P PRIVATE LABELRelated to the Present Announced Superpool Class I Price of \$4.32)Net Price for A & P Private Label Products  
by Type and Method of Delivery

	<u>3-Day Per Week Drop Delivery</u>	<u>6-Day Per Week Drop Delivery</u>
Homo V. D. Milk - Gallon Paper	.5848	.6248
Homo V. D. Milk - 1/2 Gal. Paper	.2924	.3124
Homo V. D. Milk - Quart Paper	.1612	.1712
2% - 1/2 Gal. Paper	.2714	.2914
Vitamin Fortified Skim - 1/2 Gal. Paper	.2634	.2834
Vitamin Fortified Skim - Quart Paper	.1347	.1447
Half & Half - Pint Paper	.2337	.2447
Chocolate Milk - Quart Paper	.2057	.2157
Buttermilk - 1/2 Gal. Paper	.2844	.3044
Buttermilk - Quart Paper	.1467	.1567
Whipping Cream - 1/2 Pint Paper	.2547	.2647

Prices apply to stores located in the geographical area subject to the terms of the Chicago Superpool which are as follows:

Stores Receiving 3-Day Per Week Delivery:

South Bend (6 stores), Mishawaka  
Elkhart, Goshen, LaPorte, Valparaiso,  
Walkerton and Michigan City.

Stores Receiving 6-Day Per Week Delivery:

Chesterton, South Bend (1 store).

787a

75th

October 20, 1965

THE BORDEN COMPANY

ROCKFORD AREA (ZONE NO. 3)

A & P PRIVATE LABEL

(Related to the Present Announced Superpool Class I Price of \$4.25)

Net Price for A & P Private Label Products  
by Type and Method of Delivery

6-Day Per Week  
Drop Delivery

Homo V. D. Milk - Gal. Paper	.6188
Homo V. D. Milk - 1/2 Gal. Paper	.3094
Homo V. D. Milk - Quart Paper	.1697
2% - 1/2 Gal. Paper	.2884
Vitamin Fortified Skim - 1/2 Gal. Paper	.2804
Vitamin Fortified Skim - Quart Paper	.1432
Half & Half - Pint Paper	.2432
Chocolate Milk - Quart Paper	.2142
Buttermilk - 1/2 Gal. Paper	.3014
Buttermilk - Quart Paper	.1552
Whipping Cream - 1/2 Pint Paper	.2632

Prices apply to stores located in the geographical area subject to the terms of the Rockford Superpool which are as follows:

Stores Receiving 6-Day Per Week Delivery:

Lockport, Aurora (2 stores), Joliet  
(6 stores), Rockford (5 stores), Freeport  
and Loves Park:

October 20, 1965

## THE GORDEN COMPANY

## MILK DELIVERED TO THE AREA (ZONE NO. 4)

## A &amp; P PRIVATE LABEL

(Related to the Present Announced Superpool Class I Price of \$4.25)

Net Price for A & P Private Label Products  
by Type and Method of Delivery

	3-Day		5-Day		6-Day	
	Per Week	Drop	Per Week	Drop	Per Week	Drop
	Delivery		Delivery		Delivery	
Homos V. D. Milk - Gal. Paper	.5708		.5308		.5108	
Homos V. D. Milk - 1/2 Gal. Paper	.2094		.5044		.3094	
Homos V. D. Milk - Quart Paper	.1597		.1672		.1697	
2% - 1/2 Gal. Paper	.2304		.2034		.2034	
Vitamin Fortified Skim Milk - 1/2 Gal. Paper	.2504		.2354		.2004	
Vitamin Fortified Skim Milk - Qt. Paper	.1322		.1407		.1432	
Half & Half - Pint Paper	.2332		.2407		.2432	
Chocolate Milk - Quart Paper	.2042		.2117		.2142	
Buttermilk - 1/2 Gal. Paper	.2314		.2334		.3014	
Buttermilk - Quart Paper	.1452		.1527		.1552	
Whipping Cream - 1/2 Pint Paper	.2532		.3007		.2632	

Prices apply to stores located in the geographical area subject to the announced Class I milk prices under Federal Order No. 30, (which Class I milk prices are not subject to producer "superpool" payments) which stores are as follows:

## Stores Receiving 3-Day Per Week Delivery:

Manteno	Monmouth	St. Annes	Gilman	LaSalle
Marseilles	Citawa	Crockett	Princeton	
Spring Valley	Sandwich	Plano	Minonk	
Culver	Knox	North Judson	Warren	
Mendota				

## Stores Receiving 5-Day Per Week Delivery:

Belvidere	Marengo	DeKalb
Rochelle	Polo	Mt. Morris
Dixon		

## Stores Receiving 6-Day Per Week Delivery:

Woodstock	Wilmington	Wauconda
Fox Lake	McHenry	Crystal Lake
Pecatonica	Antioch	Zion
Franklin	(2 stores)	

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79C a 12/15/65

THE BORDEN COMPANY

CENTRAL DIVISION

1821 S. KILDURN AVENUE

CHICAGO, ILLINOIS 60623



RALPH R. MINKLER  
PRESIDENT

December 7, 1965.

Mr. Jack B. Pentz, President  
Borden's Milk and Ice Cream Co.,  
Division of The Borden Company  
350 Madison Avenue  
New York, New York 10017.

Dear Jack:

A few days ago we had a 'phone conversation, during which I made some comment about the trend of A & P sales volume. It has been extremely disturbing to us, particularly here in Chicago and in Milwaukee. Currently, the Chicago volume is running about 11% behind weekly and their year to date position is down 8%.

In Milwaukee the weekly decline on my last report was 17% and the year to date stands at 20%. These figures reflect a trend which has been going on for many months and it deeply disturbs us, of course.

You asked me to give you some elaboration on this.

To be real succinct about all that needs to be said is that this customer just has not been aggressive. Naturally, I cannot tell you why this is, but I can tell you that it seems to be a sensitive subject with A & P people and one that we can only comment upon to them with extreme care.

As near as we can find out, milk sales and overall store sales are suffering to about the same extent. This is partly an assumption as far as we are concerned, because we get conflicting statements, depending upon the person to whom we are talking. One fellow will say: "Look, you haven't anything to worry about, our overall sales are down (but don't quote me) more than milk is off." Another one will say: (and it may be because he thinks it is good propaganda) "the milk volume in our stores is off somewhat more than the overall."

CX 75 P

CX 10-175-A

Mr. Jack B. Pentz

December 7, 1965.

- 2 -

There is more than one reason for their present position, of course. For years, both here and in Milwaukee, the A & P was the dog with the bone! They were the biggest and they were vulnerable. The attached sheet from a Milwaukee Journal Consumer Analysis shows how their percentages of household's buying from them dropped from 15.6 in 1964 and will be down to 7.5 in 1966. I can remember when this 15.6 figure was up close to 40%. In Milwaukee, Kohl's have expanded substantially. So have the Sentry Stores and other major groups.

The following comments pertain particularly to the Chicago area:

1. In 1965, A & P had no major promotional activity to bring customers into their stores such as dishware promotions, mailers with coupons and giveaways and very few bonus stamp promotions - all of which were heavy volume producing activities throughout 1964.
2. A & P's competition such as Jewel, National Tea and others have followed one promotion after another all year with mailers for free merchandise and other valuable coupons, newspaper ads heavy with "cash off" coupons and, in the instance of National Tea and Kroger, newspaper coupons good for bonus stamps on many items each week.
3. During the year, new super markets with aggressive selling activities have opened near many former high volume A & P stores and have seriously affected A & P's volume at those locations.
4. Generally speaking, Jewel and others have more help in their stores and customers move through their check-out lanes more rapidly. In many A & P stores during their peak sales periods, checkers have had to do their own bagging, not all lanes are open, and long lines back up in the store.
5. A & P is not competitive price-wise with competition with certain items. An example is glass gallons of milk. Certified, Grocerland and others operating stores in close proximity of A & P stores are featuring and selling gallon jugs for 69¢ while A & P sells for 79¢. Other chains will

EX 750

Mr. Jack B. Pentz

December 7, 1965.

- 3 -

meet all competition while A & P will only meet the competition if the competing store near them is a corporate chain such as Jewel or National.

Of course, when it comes to commenting on advertising, it is important to recognize that personal opinion is very much involved. Attached is a "Who Cares" ad that somehow hits me wrong. In conjunction with this series, they have had large window signs prominently displayed in all their stores - the copy reading "WHO CARES FOR YOU? WE CARE." This seems to me to say that they recognize some of their shortcomings (again in my opinion) and can be more negative than positive.

When you ask me to comment, Jack, you stated that you wanted to pass this information on to Harry Archer. I assume this was simply to add to his background knowledge of the A & P picture. As I indicated before, we have found that A & P personnel are pretty sensitive to almost anything which seems to imply any question in our minds about their approaches, even though we always preface anything of this nature by pointing out our mutual interest and our desire to be helpful, if possible.

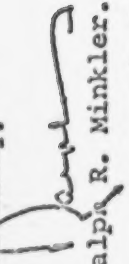
I'd sum up all of this once more by saying that the problem is basically one of not being aggressive on the selling side of their business. We have certainly learned they're aggressive as the devil on the buying side!

It is likely that their problem will get worse, unless some dominating changes are introduced. For example, if A & P becomes completely preoccupied with the Private Label approach and tries harder and harder to hide the advertised brands - their competition will start playing the game in just the opposite manner.

Maybe this is a way brand names will eventually begin to move back into the ascendancy.

RRM\*mlb  
attachment.

Cordially,

  
Ralph R. Minkler.

CX 75 R

# Retail Food Groups

Number of Stores  
Greater Milwaukee  
(½ County Area)

Total Stores in  
Wisconsin or Served  
From Milwaukee Warehouse

Kohl's Food Stores..... 29 34

11100 W. Burlington St., 771-5833  
Max Kohl, Herbert Kohl, Sidney Kohl, Allen Kohl  
Walter Newbauer, Buyer  
Dick Isenberg, Buyer  
Mrs. Inez Barnard, Asst. Buyer  
Wm. Innes, Meats  
Fred Jawer, Delicatessen

National Food Stores..... 33 62

2227 W. Silver Spring 453-1831  
Walter Kuhn, Div. Mgr.  
Buyers: Jim Bartz  
Neelo Neelam  
Gene Wago, Meats  
Jerry Lehman, SM

Atlantic & Pacific Tea Co..... 32 140

11500 W. Burlington St., 453-8460  
Daniel M. Reardon, V.P.  
Buyers: Don Dixon  
Don Cathcart  
Don Weller  
Ralph Johnson  
Elmer Guzman, Meats  
Ralph Pearson, SM and AM  
Wash G. MacMillan, Asst. SM  
Lorenz Kronke, Adv.

Kroger Food Stores..... 23 61

4703 N. 132nd St., Butler, Wis., 781-0330  
Jack W. Davis, Vice-President  
Richard Koster, Merchandise Manager  
William Whitling, Advertising Manager  
Buyers: Jack Wines, Grocery  
Eugene Clark  
John Foss  
Erv Holzman, Meat  
Wayne Harris, Produce  
A. R. Tousoy, Grocery  
Jim Ditty, Meat  
Harry Martin, Produce

Sentry Food Stores..... 23 57

Godfrey Co.  
1200 W. Sunset Dr., Waukegan, Phone 542-9311  
James E. Godfrey, Pres.  
John Godfrey, Executive Vice-Pres.  
Ken Wilkinson, Dir. of Pur., Grocery and Meats  
Dick Browne, Dir. of Adv.  
Bert Block, Dir. of Produce

Shop Rite Stores..... 15 33

Red Bell Stores..... 32 243

Roundy's, Inc.  
11300 W. Burlington St., 453-8200  
Jim Aldrich, Pres.  
Buyers: Sam Lewis  
Roland Schumann  
Gordon Nowers  
Don Nolventach  
Len Radetz, Meats  
John Spicuzza, Prod.  
Elroy P. Ihlenfeld, V.P.  
Cloto Bartlett, SM  
Tom Reading, AM  
Garry Piarok, Asst. AM



Red Owl Stores..... 11 ) 42  
 4016 N. Teutonia Ave., 571-0519  
 Neal Jensen, Dist. Mgr., Milwaukee  
 Val Schultz, Divisional Mgr., Green Bay  
 Buying, 215 E. Excelsior Blvd., Hopkins, Minn.  
 William Quinn, V.P.

Cardinal Food Stores..... 10 10  
 Consolidated Foods Corp., Chicago, Ill.

A-U Discount Foods..... 1 1  
 3  
 Hyland's..... 3  
 2636 N. 76th St., 470-0723  
 Ramon C. George, Gen. Mgr.

A-G Stores..... 142 165  
 Associated Grocers, Inc.  
 1615 S. Sunny Slope Rd., 753-0510  
 Tom L. Billington, Exec. V.P. and Gen. Mgr.  
 T. D. Billington, Asst. Mgr. and Buyer  
 Clifton F. Jacobs, Buyer and Adv. Mgr.

Treasure Island Stores..... 3 4  
 Hinky-Dinky, Inc., Omaha, Neb.

Neighborhood Stores (Independent)..... 400 3,500  
 \*Milwaukee Journal Estimate—Stores not otherwise listed

## Grocery Buying Habits

1955 MILWAUKEE JOURNAL  
 CONSUMER ANALYSIS  
 Survey conducted Oct., 1955

Division of All Greater Milwaukee® Households According to Place Where They Last Bought Groceries

	Per Cent		Number	
	1955	1954	1955	1954
All Stores Shopped	100.0%	100.0%	414,000	407,500
Kohl's	24.4	17.5	101,200	81,600
National Food Stores	20.9	16.3	82,900	67,300
Sentry	11.4	11.4	47,300	45,800
Kreger	10.3	12.1	44,800	44,500
A. & P. Stores	7.5	15.6	31,100	52,000
Neighborhood Stores, Independent	7.1	7.6	29,400	32,000
Red Owl	3.9	4.6	16,200	18,500
Shop Rite	3.1	2.2	12,900	10,200
Cardinal	3.0	2.7	12,400	11,600
Treasure Island	1.5		7,500	
I. G. A.	1.7	3.0	7,000	12,200
Super-Valu	1.4	1.7	5,800	6,500
Red Bell	1.3	1.1	5,400	4,500
A G Shurline Foods	.9	.9	3,700	2,700
Other	1.7	1.2	7,000	7,360
Total Sample	3,022	6,264	5,520	
Sample Base	3,022	6,264	5,520	

\*MILWAUKEE, WAUKESHA, OZAUKEE and WASHINGTON counties.

NOTE: The above information should not be taken literally as the percent of business being done by each group. A July 1 revision in the Wisconsin lottery law legalizing certain kinds of store give-aways resulted in heavy promotions by several chains during the period from Oct. 1 to 15 when 90% of questionnaires were returned by respondents.

CX 75 T

RELATION OF PRIVATE LABEL TO BORDEN  
A & P STORES

Week Ending 12/25/65

12 Items Private Label	370,740 Points
Same 12 Items Borden's	262,337 Points
12 Items Percentage Private Label	58.86%
Percentage Private Label to Total Sales	46.31%
(Total Sales 800,583)	

Private Label Weekly Percentage Summary from  
November 1

	Percentage of P. L. to Total of 12 Private Label Items	Percentage of P. L. to Total Sales
Week Ending 11/6	55.22	43.94%
Week Ending 11/13	48.86	37.48%
Week Ending 11/20	50.42	38.54%
Week Ending 11/27	50.49	36.47%
Week Ending 12/4	49.35	35.41%
Week Ending 12/11	48.15	38.08%
Week Ending 12/18	51.83	40.52%
Week Ending 12/25	58.86%	46.31%

CX 754

THE BORDEN COMPANY - CHICAGO METROPOLITAN REGION  
 THE GREAT ATLANTIC AND PACIFIC TEA COMPANY  
 COMPARATIVE VALUE OF DAIRY PRODUCTS - ALL STORES - PURCHASED 1955-1964

Week Ending	Weekly Purchases		Weekly Purchase		Weekly Percentages		Accum. Total		Year to Date	
	1955		1964				1965	1964	%	%
Jan. 2	149316.53		-		-		-	-	-	-
Jan. 9	149893.06		-		-		-	-	-	-
Jan. 16	143750.74		-		-		-	-	-	-
Jan. 23	147246.87		-		-		-	-	-	-
Jan. 30	146061.12		-		-		-	-	-	-
Feb. 6	148220.37		-		-		-	-	-	-
Feb. 13	145518.25		-		-		-	-	-	-
Feb. 20	139379.59		-		-		-	-	-	-
Feb. 27	140417.16		-		-		-	-	-	-
Mar. 6	146087.11		-		-		-	-	-	-
Mar. 13	141078.98		-		-		-	-	-	-
Mar. 20	137668.52		-		-		-	-	-	-
Mar. 27	137025.13		-		-		-	-	-	-
Apr. 3	138162.85		-		-		-	-	-	-
Apr. 10	234194.61		-		-		-	-	-	-
Apr. 17	143239.97		-		-		-	-	-	-
Apr. 24	130397.78		-		-		-	-	-	-
May 1	134563.82		-		-		-	-	-	-
May 8	132789.92		-		-		-	-	-	-
May 15	122812.26		-		-		-	-	-	-
May 22	220323.73		-		-		-	-	-	-
May 29	135920.52		-		-		-	-	-	-
June 5	123662.37		-		-		-	-	-	-
June 12	131556.11		-		-		-	-	-	-
June 19	134824.44		-		-		-	-	-	-
June 26	133060.18		-		-		-	-	-	-
July 3	137705.27		-		-		-	-	-	-
July 10	120858.42		-		-		-	-	-	-
July 17	131961.15		-		-		-	-	-	-
July 24	129483.52		-		-		4,124,080.05	-	-	-
July 31	131630.59		-		-		4,255,710.64	-	-	-

THE BORDEN COMPANY - CHICAGO METROPOLITAN REGION  
 THE GREAT ATLANTIC AND PACIFIC TEA COMPANY  
 ALL STORES - SALES UNITS COMPARISON 1965 - 1964

Week Ending	1965 No. Stores	Weekly Unit Sales		Weekly Sales		Weekly Percent- age	Accum. Units		Accum. Units 1964	Percentage
		1965	No.	1964	1964		1965	1964		
Jan. 2	257	859555	260	913634	(5.92)	859555	913634	(5.92)		
Jan. 9	257	839055	260	865293	(3.03)	1698610	1778927	(4.52)		
Jan. 16	257	804688	260	851854	(5.54)	2503298	2630781	(4.85)		
Jan. 23	257	820260	260	825024	(.58)	3323558	3455805	(3.83)		
Jan. 30	257	814710	258	859404	(5.20)	4138268	4315209	(4.10)		
Feb. 6	257	826759	258	852038	(2.97)	4965027	5167247	(3.91)		
Feb. 13	257	814314	257	839997	(3.06)	5779341	6007244	(3.79)		
Feb. 20	257	780502	257	844385	(7.57)	6559843	6851632	(4.26)		
Feb. 27	257	781942	257	828294	(5.60)	7341785	7679926	(4.40)		
Mar. 6	257	817023	257	846749	(3.51)	8158808	8526715	(4.31)		
Mar. 13	257	790182	257	841927	(6.15)	8948990	9368642	(4.48)		
Mar. 20	258	772652	257	830069	(6.92)	9721642	10198711	(4.67)		
Mar. 27	258	765685	257	898782	(14.81)	10487327	11097493	(5.50)		
Apr. 3	258	775909	257	812121	(5.74)	11263236	11920614	(5.51)		
Apr. 10	258	752133	257	821691	(8.47)	12015369	12742305	(5.71)		
Apr. 17	258	792840	257	828073	(4.25)	12808209	13570378	(5.62)		
Apr. 24	258	734755	257	814828	(9.83)	13542964	14385206	(5.86)		
May 1	258	758095	258	832269	(8.91)	14301059	15217475	(6.02)		
May 8	258	739685	258	806563	(8.29)	15040744	16024043	(6.14)		
May 15	258	721592	258	803141	(10.15)	15762336	16827184	(6.33)		
May 22	258	727374	258	795265	(8.65)	16489710	17623450	(5.49)		
May 29	258	763337	258	691342	10.42	17253047	18214763	(5.80)		
June 5	258	719255	258	870871	(17.41)	17972302	19185634	(6.32)		
June 12	258	737442	258	826386	(10.76)	18709744	20012020	(6.51)		
June 19	258	755282	258	805820	(6.27)	19465026	20817841	(6.50)		
June 26	258	749362	258	811206	(7.52)	20214388	21629046	(6.54)		
July 3	258	777477	258	741741	4.82	20991865	22370787	(6.16)		
July 10	258	675216	258	869160	(22.31)	21667081	23239947	(6.77)		
July 17	258	738477	258	818330	(9.76)	22405558	24058277	(6.87)		
July 24	258	730696	257	814700	(10.31)	23136254	24872977	(6.98)		
July 31	257	725674	257	791350	(8.30)	23861928	25664327	(7.02)		



THE BORDEN COMPANY  
CENTRAL DIVISION

1821 S. KILDOURN AVENUE  
CHICAGO, ILLINOIS 60623



RALPH R. MINKLER  
PRESIDENT

January 3, 1965

Mr. Jack B. Pentz, President  
Borden's Milk and Ice Cream Co.,  
Div. of The Borden Company  
350 Madison Avenue

*2/14*  
*File the attached*  
*Schedule. Keep in*  
*reference. Keep in*  
*if you wish.*  
*if you wish*  
*17 added to list*  
*who will*  
*write*

New York, N. Y. 10017

Dear Jack:

Here are two copies of the report on Chicago Unit A & P sales I referred to in my conversation with you early this morning.

This is the one which shows a decline from 1,028,277 points in the week ending 12/25/64 ~~one year ago~~, as contrasted to 800,583 points for the same week of 1965, the first full week when A & P was on a total private label basis.

*to Jack*  
Cordially,

RRM:mlb

attach 2 ccs

Ralph R. Minkler.

*RV 75 2/1)*

THE GREAT ATLANTIC AND PACIFIC TEA COMPANY  
ALL STORES - SALES UNITS COMPARISON 1965 - 1966

Week Ending	1965 No. Stores	Weekly Unit Sales 1965	Weekly Unit Sales 1966	Weekly Percent. Change	Accum. Units 1965	Accum. Units 1966	Accum. Percent. Change
Jan. 2	257	859555	913034	(5.32)	539555	913034	(5.92)
Jan. 9	257	839055	862993	(3.03)	1378610	1778927	(4.52)
Jan. 16	257	804888	851854	(5.54)	2502398	2630761	(4.85)
Jan. 23	257	820260	825024	(.58)	3323558	3455005	(3.83)
Jan. 30	257	814710	839404	(5.20)	4138268	4335299	(4.10)
Feb. 6	257	826759	852030	(2.97)	4965027	5137227	(3.91)
Feb. 13	257	814314	839997	(3.06)	5779541	6007254	(3.79)
Feb. 20	257	790502	844388	(7.57)	6569543	6851652	(4.26)
Feb. 27	257	781942	820294	(5.00)	7351705	7679925	(4.40)
Mar. 6	257	817023	846769	(5.51)	8168806	8523715	(4.31)
Mar. 13	257	790102	841927	(6.15)	8960908	9368942	(4.48)
Mar. 20	257	772652	830039	(6.92)	9733527	10198711	(4.67)
Mar. 27	257	765635	809702	(5.51)	10499262	11074450	(5.50)
Apr. 3	258	775909	800121	(5.74)	11275171	11920054	(5.51)
Apr. 10	258	752123	80691	(8.57)	11981309	12742205	(5.71)
Apr. 17	258	792840	828072	(4.25)	12773329	13570578	(5.62)
Apr. 24	258	734755	814028	(9.03)	13508384	14382205	(5.60)
May 1	258	758095	832269	(6.91)	14266479	15217475	(6.02)
May 8	258	739605	805508	(8.29)	15006084	16026045	(6.14)
May 15	258	721592	803141	(8.15)	15727676	16227134	(6.33)
May 22	258	727374	793505	(8.65)	16451181	17025450	(6.49)
May 29	258	763337	801512	(4.42)	17252697	18147463	(5.60)
June 5	258	719255	870372	(17.41)	17973072	19105354	(6.32)
June 12	258	747442	823366	(10.75)	18720514	20012020	(6.51)
June 19	258	755202	805020	(6.27)	19475716	20317040	(6.56)
June 26	258	749562	811265	(7.33)	20225278	21029646	(6.54)
July 3	258	777477	741741	(4.82)	20991055	22370767	(6.16)
July 10	258	675216	850100	(22.31)	21661155	23239947	(6.77)
July 17	258	738477	810330	(9.76)	22391532	24035277	(6.57)
July 24	258	730695	814700	(10.81)	23122227	24872377	(6.95)
July 31	257	725674	791350	(8.50)	23847901	25654527	(7.02)
Aug. 7	256	774176	857520	(8.72)	24622077	26521547	(7.11)
Aug. 14	256	756032	812043	(6.88)	25378109	27335530	(7.11)
Aug. 21	256	745909	795099	(6.05)	26123018	28123359	(7.08)
Aug. 28	256	748715	807770	(7.51)	26871733	28955159	(7.08)
Sept. 4	256	811515	834145	(3.22)	27683248	29805504	(7.12)
Sept. 11	256	677713	742222	(8.69)	28360961	30562706	(7.15)
Sept. 18	256	732201	834005	(11.25)	29093162	31307511	(7.23)
Sept. 25	256	731742	827943	(11.02)	29824905	32154559	(7.37)
Oct. 2	255	726247	801541	(11.50)	30551152	33047400	(7.48)
Oct. 9	256	729757	812206	(10.16)	31280909	33896606	(7.54)
Oct. 16	256	714998	822210	(13.04)	32005907	34801904	(7.67)
Oct. 23	256	715758	810226	(12.52)	32721665	35506130	(7.79)
Oct. 30	257	722105	819100	(11.05)	33442770	36319310	(7.88)
Nov. 6	256	745808	819595	(9.00)	34162365	37158905	(7.90)
Nov. 13	256	699808	825733	(15.03)	34862173	37982638	(8.06)
Nov. 20	256	759475	854270	(11.10)	35611448	38816908	(8.12)
Nov. 27	256	784557	869293	(11.70)	36406041	39705201	(8.20)
Dec. 4	256	748903	804595	(6.93)	37154944	40510796	(8.18)
Dec. 11	256	740187	825784	(8.95)	37904131	41356580	(8.22)
Dec. 18	256	744994	838051	(11.10)	38654125	42174531	(8.28)
Dec. 25	255	800583	1028227	(22.10)	39454708	43023558	(8.61)
1 - 1 - 66		826141	297461	(3.2)			

221

803

X 81

5/27/16

RM-OP - Joe Malone - Good  
Elmer Schmidt call 7:00 Central  
Will not accept insurance and  
private label.

Met at P. Law Dept on  
next Wed June 1.

O'Connell E. Schmidt That we would  
hold up B's price increase  
until a later date

I will tell HBS That we are making  
very good studies to show him  
when I return week of June 20

I will send HBS for ok for  
Lewyrod's letter to LRP concerning  
about the Cegal problem and  
hopefully about HCL too

67A

234.



W/E 12/25/65

1st week of 1966  
Private LabelActivity by firm  
under contract to  
UNIT SALES with store

POINTS

STORE DELIVERY	1965	1964	1965	1964
Gallons Homd - Glass	18,640	21,609	6 75,300	87,236
Gallons Homd - Paper	803	22,996	9 3,832	91,992
Gallons Homd - Paper P.L.	20,901	---	19 35,004	---
Gallons Homd	61,433	139,187	6 122,070	276,374 ✓
Gallons Hg. 6" - P.L.	50,143	---	11 112,985	---
Quarts Homd	15,416	45,992	15 410	45,992
Quarts Skim	24,089	---	24 618	---
Quarts Skim - P.L.	2,439	7,372	2 39	7,672
Quarts Skim - P.L.	4,950	---	4 20	---
Gallons 2 1/2 Skim	4,552	6,250	10 100	24,944 ✓
Gallons 2 1/2 Skim - P.L.	6,003	20,217	10 100	40,434 ✓
Gallons Gall. Borden	5,609	---	10 100	---
Gallons Gall. Borden	3,085	10,427	3 153	18
Gallons Port. Skim	6,401	---	12 302	20,054
Gallons Port. Skim - P.L.	---	---	---	---
<b>TOTAL</b>			310,307	597,516
Gallons Choc. Skim	2,540	1,800	3 036	3,936
Quarts Choc. Milk	1,013	3,000	---	3,000
Quarts Choc. Milk - P.L.	2,531	---	2 001	---
Pints Choc. Milk	250	1,550	2 00	505
Pints Elsie Shake	2,231	---	---	---
Gallons Buttermilk	1,024	7,200	1 000	10,290 ✓
Gallons Buttermilk - P.L.	4,200	---	---	---
Quarts Buttermilk	2,039	12,120	2 030	12,120
Quarts Buttermilk - P.L.	5,975	---	5 975	---
<b>TOTAL</b>			27,642	34,539
Pints Half & Half	14,339	44,340	50 190	89,000 ✓
Pints Half & Half - P.L.	10,925	---	3 000	---
Quarts Half & Half	1,755	2,500	7 020	6,000
Pints Half & Half Soured	5,095	15,015	10 010	11,632
Pints Whipping Cream	1,230	27,622	2 000	27,622
Pints Whipping Cream - P.L.	22,470	---	22 470	---
Cartons Sour Cream 16 oz.	7,354	6,053	10 730	17,700
Cartons Sour Cream 8 oz.	13,329	17,700	17 700	17,700
7 oz. Triple Whip	6,659	5,055	6 659	5,055
8 oz. Dips	7,950	9,990	7 950	9,990
<b>TOTAL</b>			150,033	184,667
Gal. Egg Nog	150	6,380	200	70,400
Gal. Fruit Drinks	97	147	97	147
Quarts Fruit Drinks	38	135	38	135
Quarts Beep	---	---	---	---
Quarts Egg Nog	15,309	32,770	31 470	131,080 ✓
Quarts Egg Nog - P.L.	9,115	---	35 500	---
Yogourt	2,317	2,387	2 317	2,387
Pts. Wake-Up	504	---	2 000	---
Cartons Cheese 16 oz.	2,772	3,135	2 772	3,135
Cartons Cheese 8 oz.	375	353	100	177
2# Cheese	1,650	1,000	3 310	3,722
Dry Cheese	164	152	164	152
<b>TOTAL</b>			103,985	211,505
<b>GRAND TOTAL</b>			600,585	1,020,227

12 Items Private Label Points = 370,740  
 12 Items Borden Label Points = 262,337  
 Total Points = 633,077  
 58.56% Private Label to Total Points



5/25/66

ESTIMATED INCREASED COST FACTORS

Re: May-1966 Selling Price Change  
Chicago - Calumet Area

Estimated Average  
Increased Cost Per  
Points Sold

Increase in 1966 Union Contract Changes  
(Includes Wage Rates - Welfare -  
Pensions and Fringe changes)  
(Inside Workers up \$.253 per hour)  
(Drivers up \$3.00 per week)

\$ .001345

Increase in 1965 Union Contract Changes  
(Includes Wage Rates - Welfare -  
Pensions and Fringe changes)  
(Inside Workers up \$.10 per hour)  
(Drivers up \$3.50 per week)

.000955

Sub-Total Labor

.002300

Increase in Pure-Pak Container Cost -  
August-1965  
(Gals. - .0028 1/2 Gals. - .00143  
Qts. - .00082)

.000725

Increase in Social Security Taxes - 1966

1966 - \$277.20 1965 - \$174.00 per employee

.000320

Total

\$ .003345

Note: Except for the price change of 2/2/66 of a cent per quart, list prices on fluid milk -- gallons, half gallons, quarts, etc. -- have been unchanged since October 13, 1964. The Feb. 2, 1966 price change only reflected the change in superpool costs (\$ .30 increase per cwt. - .007 per quart) (\$.01 change in list less maximum discount of 30% = \$.007 per quart).

During this period, maximum discount rates have changed from 23% to 30% of the list price.

$$\begin{array}{r} 117.20 \text{ (v. 1)} \\ 117.11 \text{ (334)} \\ \hline 130 \\ 130 \\ \hline 143 \end{array}$$

806a

Matapala Kapan  
Revenue  
Loss of US P

87C

Total revenue from Sales Tax

140,111.79

Deduct:

Revenue on Sales Tax

(Total Revenue on Sales Tax 191,032,000)

75,218.27

Revenue on Contingent

11,441.15

Revenue on

7,770.11

Revenue on

18,414.00

Revenue on Wholesale Trade Sales

10,412.00

Revenue on Wholesale Distribution

3,840.00

Revenue on Wholesale Lending

2,758.31

Revenue on all other

2,092.31

Total Revenue

114,538.50

Net Loss on Revenue from Sales Tax

25,573.29

Net Loss on Revenue from Sales Tax

1,350,150.6

25

EX10872

6/29/66

were to P that was wrong when the young  
of the Woodstock plant with high organic plant and  
transport costs and that the comparison of total  
costs would not discuss the real facts.  
In addition total labor costs you want have been  
affected by movement distribution and other which  
show no relation to P.P. which explains during  
most of the years discussed.

However, further the schedules developed  
which discuss the transportation of our best  
business and the estimated loss in revenue  
of our best the Chicago's P.P. business. Explaining  
the above different schedules will also cost  
accounting photographs considered.

Back at of price was satisfied with  
the facts - it is not felt that Smith would  
be receptive to investigating the wage rate  
increase per se and would have to continue  
it felt too many others.

He indicated he would like to have  
the moving documents - both have are considered  
during so but that Ralph thought, that first  
a personal confrontation of the facts would  
be better - however, fact are available just the  
project in a report form.

6/29/66

File Memo  
A&P

Reviewed with Jack Pentz and Bob Comfort data developed which supported the proposed selling price increase of .0035 per point resulting from increased labor costs and container cost.

Indicated that the labor cost factor was developed on a very detailed basis - man by man - covering the week of 5/28/66 which week was used because it was the first week payroll that contained the changed rates and other contract changes including job reclassification embodied in the new contract which became effective as of 5/1/66 - Local 154.

Reviewed the schedule developed which showed the increase in wage cost incl. fringes to represent and increase cost per point of \$.00293. The schedule showed by principal classification the basic hourly or weekly wage rate ~~of~~ in effect during February 1965 and May 1966 and the hourly and/or weekly increases between such periods.

Discussion of this increased per point cost occurred. It was pointed out that the terms and conditions that accompanied our price proposals of November 1965 contained

Dear Mr. [unclear]

100 P

Mr. [unclear] with Jack [unclear] and Bob [unclear] at state develop, which suggested the program selling price increase of 250 per cent resulting from increasing labor cost and continue cost.

Indicated that the labor cost factor was designed and is very similar to low - mostly minor covering the work of 1960/61 which work was very low in cost of ~~was~~ the first week pay was that contained the changes in the other contract changes including job reclassification contracts, no other new contract which became effective as of April - June 1964.

However, the schedule designed which shows the increase in wage costs and, from the report and shows by 1964/65 the schedule the same hourly as weekly wage rate of in effect during February 1965 and May 1966 and the hourly rate is weekly increasing between each period.

However, of the increase, the price cost occurred. It was pointed out that the terms were conditions that accompanied the price increase of November 1965 continued, especially to labor and continue cost increase although the cost factor was not automatic as was the case of new product costs which were tied to a formula.

Jack felt that this was all very fine but indicated that the next week that would be made, considering which was the actual labor cost data increase which included any and all appropriate items that they would not primarily look at wage rate increase but to overall wage costs. It was pointed out that during the period of negotiation

references to labor and container cost increases although these cost factors were not automatic as in the case of raw product costs which were tied to a formula.

Jack felt that this was all very fine but indicated that the real issue that would be raised considered what were the actual labor cost load increase which included any and all efficiencies and that they would not basically look to wage rate increases but to overall wage costs. It was pointed out that during the period of negotiation with A&P that we were going thru the opening of the Woodstock plant with high opening plant and transport costs and that the comparison of total wage costs would not disclose the real facts. In addition total labor costs per point having been affected by increased distributor volume which has no relation to A&P which volume during most of the period decreased.

Reviewed further the schedules developed which disclosed the loss position of our A&P business and the estimated loss in revenue if we lost the Chicago A&P business. Explained the three different schedules and the cost accounting philosophy considered.

Jack it appeared was satisfied with the facts - did not feel that Smith would be receptive to recognizing the



23

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905

wage rate increase per se and would have to continue to feel his way along.

He indicated he would like to have the review documented - told him we considered doing so but that Ralph thought, first a personal confrontation of the facts would be better - Advised Jack we would put the project in a report form.

## THE BORDEN COMPANY

CHICAGO REGION

1821 S. KILBOURN AVENUE

CHICAGO, ILLINOIS 60623

AMERICAN 312 277-6300

March 13, 1967

Mr. E. R. Schmidt  
The Great A & P Tea Company  
2622 N. Palaski Road  
Chicago, Illinois 60639

Dear Mr. Schmidt:

When I visited with you last Friday with regard to the changes occurring in the Class I milk price, we brought up again the price adjustments of \$.0025 per point to compensate for the increases that have occurred in the cost of labor and containers prior to June of 1966. You will recall that our proposal to supply you with private label milk definitely contemplated that we were to pass on to you any changes that occurred in the cost of labor and containers. There is little doubt in our minds that we had a mutual understanding on this point.

The present union contracts in force covering the majority of processing and distribution personnel have been effective since May 1, 1966 and were consummated as the result of labor-management negotiations. The end result of such contract settlement with the principal unions, together with the agreements reached with other miscellaneous unions, resulted in a total wage cost package that increased our wage cost at wholesale by \$.00296 per point. This increased cost per point is inclusive of the changes in the basic hourly and weekly wage rates, additional costs brought about by certain re-classification of jobs, extension of eligible vacation periods, increases in the employer contributions covering pensions and health and welfare and the increase that occurred in the employer Social Security contributions.

During this same period the cost of containers used to package fluid milk products increased \$.000725 per point. The increase differed as to container sizes, but the \$.000725 per point increase results from applying the A & P volume utilization for each size to each respective size container increase and arriving at a volume weighted cost per point.

The total of the foregoing labor and container cost increases amounts to \$.003685 per point sold. As you know, we passed on this increase to our

10213

- 2 -

1968

Mr. F. R. Schmidt  
The Great A & P Tea Company

March 13, 1967

X customers purchasing Borden label products, such increase representing the equivalent of \$.0035 per point.

We indicated last Friday to you that it is most necessary to make effective this increase of \$.0035 per point, which change we request be applicable as of March 20, 1967. We feel sure that upon review you will concur with us in this regard.

We want you to know that we are most grateful for the opportunity to serve you.

Sincerely,

*Orville P. Gose*

Orville P. Gose

\* Product advanced .0050 in strength  
of Union Contract. Can be substantiated

102C

197

Decrease actual  
Container Cost

.00035

(.000725)

Decrease actual  
~~Actual Total~~ ~~Actual Total~~  
Actual Total

.002775

Total Labor Due  
Due wanted  
Balance at hand

.00296

(.002775)

.000185

CX 103 B

March 21, 1967

Mr. R. P. Schmidt  
The Glueck A & P Tea Company  
2622 N. Halsted Road  
Chicago, Illinois 60639

Dear Mr. Schmidt:

When we visited with you yesterday and discussed further our letter to you under date of March 13, 1967 regarding the increase in labor and container costs, you requested additional supplementary information in this regard.

The Union contract negotiated which became effective generally as of May 1, 1966 brought about the following basic increases:

Job Classification	Increased Rate Per Hour
General Production Workers	.2050
Reclassified Occupation	.2625
Mechanics	.1750
Mechanics	.1750
Engineers	.1750
Office Employees	.2000
Loaders	.2000
Wholesale Routesmen (\$6 per week)	.1500
Transport Drivers (\$6 per week)	.1500

#### Fringe Benefits

Employer Contributions - Pension,

and Health & Welfare - Local 753

.085

Health & Welfare Contributions - Local 753

.025

In addition, vacation benefits were extended, inside workers currently attain a maximum of 5 weeks after 15 years of service, and wholesale carriers, transport workers, etc., attain a maximum of 4 weeks vacation after 10 years of service.

103 C

Mr. E. R. Schmidt

- 2 -

March 21, 1967

As you well know, the employer contributions under the Federal Social Security Program increased from \$174.00 per year to \$277.20 per year.

The increased wage cost per point at wholesale we indicated amounted to \$.00296 per point and represented the following:

Wages	53.3%
Vacation Benefits	10.0%
Pension & Medical Expense	13.0%
Social Security Contributions	<u>17.2%</u>
Total	100.0%

At this time our average wage cost per point sold at wholesale, exclusive of commissions and non-union and supervisory, administrative and executive personnel amounts to \$.03441 per point. This represents an increase of \$.00296 per point.

During this period we also advised you that our basic carton cost increased \$.000725 per point as follows:

Gallon Purplek containers	Increased	\$ .002800
Half gallon Purplek containers	"	.001430
Quarts Purplek containers	"	.000820
Pints Purplek containers	"	.000590
Half Pint Purplek containers	"	.000470

Average

\$ .000725

The above indicated average is not an arithmetic average but was weighted to represent A & P volume requirements of each size container.

We again call to your attention that our proposal to supply you with private label milk definitely contemplated that we were to pass on to you any increases in labor or container costs. We trust that the foregoing adequately explains these increases.

Your continued patronage is greatly appreciated.

Sincerely,

Orville P. Goss



THE BORDEN COMPANY  
CHICAGO METROPOLITAN REGION

1821 S. KILBOURN AVENUE  
CHICAGO, ILLINOIS 60623

March 21, 1967

Mr. E. R. Schmidt  
The Great A & P Tea Company  
2622 N. Pulaski Road  
Chicago, Illinois 60639

Dear Mr. Schmidt:

When we visited with you yesterday and discussed further our letter to you under date of March 13, 1967 regarding the increase in labor and container costs, you requested additional supplementary information in this regard.

The Union contract negotiated which became effective generally as of May 1, 1966 brought about the following basic increases:

Job Classification	Increase Rate per Hour
--------------------	---------------------------

General Production Worker	.2050
Reclassified Occupation	.2625
Machinists	.1750
Mechanics	.1750
Engineers	.1750
Office Employees	.2000
Loaders	.2000
Wholesale Routemen (\$6 per week)	.1500
Transport Drivers (\$6 per week)	.1500

Fringe Benefits

Employer Contributions - Pension  
and Health & Welfare - Local 754  
Health & Welfare Contributions - Local 753

.085  
.025

In addition, vacation benefits were extended, inside workers currently attain a maximum of 5 weeks after 15 years of service, and wholesale drivers, transport workers, etc., attain a maximum of 4 weeks vacation after 15 years of service.

CX 103D

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2/26

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Ad. G. B. C. H. C. H. C. H.

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Parent Page 61

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Prof. D. C. C. in 1890

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Prof. D. J. W. J.

Adm.

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Bookline Insurance Co. GrP  
Bookline Co. GrP

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K.D. P.W. 11/11/11

Sp. 1/11/11

EX 1032

00032

1821 S. KILBOURN AVENUE  
CHICAGO, ILLINOIS 60623

AREA CODE 312 277-6400

March 30, 1967

Mr. E. R. Schmidt  
The Great A & P Tea Company  
2622 No. Pulaski Road  
Chicago, Illinois 60639

Dear Mr. Schmidt:

Pursuant to the request for additional wage cost data made by Mr. Robert Witzke in connection with our letters to you under date of March 13th and March 21st, 1967, we have enclosed the following schedules:

Schedule (I) Schedule Showing by Major Job Classification and Type of Expense, Hourly Wage Cost Increases Effective May, 1966

Schedule (II) Schedule Showing Comparison of Union Wage Rates by Major Classification, May 1966 Compared to May 1965

Schedule I indicated above provides in detail the factors comprising the increased rate per hour covering the various job classifications as set forth in our letter of March 21, 1967. In this regard it is our opinion that the various costs are set forth on a conservative basis. For example, the continuing years of service on the part of employees bring about in a routine manner additional vacation expense which accumulates with years of service and is not computed as a specific item. The increased vacation cost per hour only represents the additional cost due to the granting of an additional week's vacation. The matter of days off for jury duty, funeral pay, sick leave, are also difficult to calculate specifically and have been omitted from our developed increased costs, but do reflect their cost image in the total cost of doing business. Also, in some specific areas the increased cost brought about by the reclassification of jobs imposed an increase of 36.6¢ per hour.

Schedule II shows a comparison of base union wage rates between May 1966 and May 1965 by the major classifications set forth in our letter of March 21, 1967.

In our letters of March 13, 1967 and March 21, 1967 we have indicated our overall increased wage cost at wholesale amounted to \$.00296 per point.

Mr. E. R. Schmidt  
The Great A & P Tea Company

March 30, 1967

822a

- 2 -

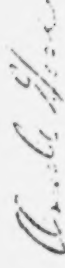
The 1966 Dairy Employees Union wage contract as finally consummated contained a number of changes, all of which had considerable emphasis upon our costs. These changes represented increasing the night differential rate by 28%, the inclusion of new classifications not formerly covered by the contract; the reclassification of certain jobs at higher pay levels; the extension of vacation pay to cover an additional week together with the eligibility for three weeks vacation instead of two weeks after one year of service; reduction in the retirement age eligibility from 62 years to 60 years with an increase in the employer contribution of 3.5 cents per hour; changes in health and welfare which provide greater coverage for members, and other requirements, all of which are in addition to the basic hourly increased rate. Also, as we have previously advised, the changes in the Social Security Act which became effective on January 1, 1966 increased our costs the equivalent of 4.9 cents per hour.

We have attempted to compute these increased payroll costs in a reasonable manner. As we have indicated in our letter of March 13, 1967, this increase has already been passed on to our customers purchasing Borden label products.

We sincerely hope that this information will allow for the affirmative conclusion of the matter this week in accordance with our proposal to supply you with private label milk, which proposal definitely contemplated that we were to pass on to you any increase in labor or container costs.

Your continued patronage is greatly appreciated.

Sincerely,



O. P. Gosc  
The Borden Company

00007

3/29/67

## Schedule II

Schedule Showing Comparison of Union  
Wage Rates by Major ClassificationsMay 1966 Compared to May 1965

Classification	1965		1966	
	Subsequent to 5/1/65 Per Week	Per Hour	Subsequent to 5/1/66 Per Week	Per Hour
General Production Worker	\$132.50	\$ 3.3125	\$136.50	\$ 3.4125
Machinists	179.00	4.4750	182.00	4.5500
Mechanics	153.60	3.8400	156.60	3.9150
Engineers	166.40	4.1600	169.40	4.2350
Office Employees-Clerks	126.00	3.1500	130.00	3.2500
Wholesale Routemen	134.10	3.3525	136.60	3.4150
Transport Drivers	141.10	3.5275	143.60	3.5900



THE BORDEN COMPANY  
CHICAGO REGION

3/29/67

Schedule I

Schedule Showing by Major Job Classification  
and Type of Expense, Hourly Wage Cost Increases  
Effective May, 1966

Classification	Basic Hourly Wage Rate	<u>Increased Cost per Hour Due to:</u>				Job Reclassification Nite - Sunday Premiums, etc.	TOTAL
		Vacations (1)	Pensions and Welfare	Social Security			
General Production Workers	.1000	.0370	.0350	.0500		.0330	.25
Reclassified Occupation	.1000	.0370	.0350	.0500		.0905	.31
Machinists	.0750	.0370		.0500		.0130	.175
Mechanics	.0750	.0370		.0500		.0130	.175
Engineers	.0750	.0370		.0500		.0130	.175
Office Employees	.1000	.0370	.0350	.0500		.0280	.250
Wholesale Routemen	.0630	.0370	.0125	.0500			.162
Transport Drivers	.0630	.0370	.0125	.0500			.162

(1) Computed on an average basis.

00000

11/14/67

Factors

Crutcher endles. They his justice concludes other monetary unit. But little. His four revenues the matter as the basis of our calculation of the saving recognition to him (Butler's) position on persons, welfare and some security.

Law also some of the matter he carry about talking about .0019 comparing to our calculations of .0000. At one point he asked Crutcher to check again and Malone, some, back to his appearance of a "100.00 - per cent" and a 4% rate increase. Went then the mechanics of the figures indicating to Crutcher that when Butler was killed, about a 4% increase, he was then referring to the base rate change. The total amount of the increase cost of guaranteed law persons, welfare and some security amounted to \$187.37 of which approximately 20% amounts to \$37.47 1796.84 per unit. Reverts, say, to 7.2 604,000 points, then argument is increased cost of .0001 per point.

Indeed, the matter is steps further to increase the figure, the determination of persons, welfare and some security directly reduces the total increase cost factor as a matter of law by 30%. The former original figure of  $100496 \times 68\% = .0001$  - then was the basis of our revised cost increase.

Further decreases involve around Butler's new figures, and are indicated factor of .0000 per point. At one juncture Crutcher indicated that he would not prolong the discussion and would look at the .0019 per point of the matter could be concluded. The decreases continue and at 77 was indicated that Crutcher was to call Dick White the first thing



Patterson

4/4/67

Orville called - they had justed [just] concluded their meetings with Bartels. He had reviewed the matter on the basis of our calculations after giving recognition of his (Bartels) position on pensions, welfare and social security.

In the review of the matter he came about talking about .0019 compared to our recalculation of .0020. At one point he asked Orville to check again with Malone, going back to his appraisal of a \$100,000 - payroll and a 4% rate increase. Went thru the mechanics of the figures indicating to Orville that when Bartels was talking about a 4% increase he was then referring to the basic rate change. The total amount of the increased cost of payrolls less pensions, welfare and social security amounted to \$5187.37 of which approximately 25% accrued to A&P or \$1296.84 per week. Divided by A&P's 604,000 points, this represented an increased cost of .0021 per point. Taking the matter a step further to reconcile the figure, the elimination of pensions, welfare and social security reduced the total wage cost factor on a weighted basis by 32%. The former computed figure of .00296 X 68% - .0021 - this was the basis of our revised cost increase. Further discussion revolved around Bartel's new figure of .0019 and our indicated factor of .0020 per point.

830<sup>a</sup>  
DELIVERY REQUIREMENTS

1. Deliveries will be on a limited service basis as follows:
  - a) Stores served on a six-day per week basis will receive one delivery per day.
  - b) The delivery time to each store will be handled in a manner to effectuate the most efficient delivery schedule.
  - c) Special deliveries shall not be made except in unusual instances, such as Borden's failure to perform on the advance order.
2. Deliveries at the store level shall be handled in the following manner.
  - a) To the receiving door of the store.
  - b) To a designated place on the receiving platform.
  - c) To a refrigerated storage box that can be entered directly from a platform or ground level location and into which dairy products can be conveniently stocked.
  - d) If dairy products are delivered to a refrigerated storage box, adequate storage space shall be provided so that proper rotation of carry-over merchandise can be handled by store personnel.
  - e) Empty milk cases and bottles shall be placed at a designated point for easy accessibility and pickup.
3. Ordering of Products.
  - a) Advance order delivery tickets shall be supplied by The Borden Company.
  - b) Advance order tickets for the following delivery shall be completed for presentation to the Borden driver at time of delivery.
4. Credit for Product Returns
  - a) Credit for product returns shall be only on the basis of faulty containers or product remaining within code date.
5. Borden's will not be obligated to furnish any merchandising materials, price promotions, demonstrators, or special displays on private labeled products under this program.

At one juncture Orville indicated that he would not prolong the discussion and would look at the .0019 per point if the matter could be concluded. The discussion continued and it was indicated that Orville was to call Bob Witzke the first thing and confirm the .0020. Bartels inquired if this factor included the container and was advised "no" but he indicated that from the point of view they were a part of the adjustment. He also inquired of Orville as to what this .0020 adj. of P. L. compared to the name brand did to any legal position - Orville indicated he did not feel our position was any different legally from where it was before the P. L. adjustment.

Bartels was very cordial, indicated that he recognized our problems - they too had real ones - sometimes it was most difficult to explain to others comparing other area prices with Chicago the factors that he knew existed.

The meeting ended in good cordial relations between the parties.



829a

THE BORDEN COMPANY  
CHICAGO METROPOLITAN REGION  
1821 S. KILBOURN AVENUE  
CHICAGO, ILLINOIS 60623

CX 123 A

January 3, 1966

AREA CODE 312 277-6400

Dear Grocer:

We are constantly studying our costs and methods of doing business with you in the interest of providing not only the outstanding in quality and service, but also, passing on to you from time to time in our pricing program, further cost savings that develop.

We are now offering to you and other similar retailers additional discounts based upon the acceptance by you of the optional services as hereinafter set forth:

- (1) Retailers participating on an advance order, no special delivery program, with deliveries to the receiving door of the store; to a designated place on the loading platform or to a refrigerated storage box; purchasing 150 or more points per delivery will receive an additional 1% discount.

- (2) Retailers participating on a basis of no credit for returned merchandise, except for faulty containers or product, will receive an additional 1% discount.

With your acceptance of this program, we are passing on to you and other similarly situated retailers an additional discount of 2% from your monthly billings, which is in addition to the applicable rate per our discount schedule and which discount will be included and sent to you with your regular monthly discount check.

We assure you we appreciate your patronage.

Yours very truly,

THE BORDEN COMPANY  
HAMMOND BRANCH

GENERAL SALES DEPARTMENT

Accepted \_\_\_\_\_

Date \_\_\_\_\_

8.31 a

FRESH MILK PRODUCTSFOOD STORE AND GROCER'S DISCOUNT SCHEDULE

<u>Average Units Purchased Per Delivery</u>	<u>Discount Schedule</u>
0 - 149	13%
150 - 199	15%
200 - 249	17%
250 - 299	19%
300 - 349	21%
350 - 399	22%
400 - 449	23%
450 - 499	24%
500 - 549	25%
550 - 599	25-1/2%
600 - and over	26%

OPTIONAL SERVICES

- (1) Stores participating on an advance order, no special delivery program, with deliveries to the receiving door of the store; to a designated place on the loading platform or to a refrigerated storage box, purchasing 150 or more points per delivery will receive an additional 1%.
- (2) Stores participating on a basis of no credit for returned merchandise, except for faulty containers or product, will receive an additional 1%.

THE BORDEN COMPANY  
HAMMOND BRANCH

1232

205

FRESH MILK PRODUCTSFOOD STORE AND GROCER'S DISCOUNT SCHEDULEEFFECTIVE JANUARY 1, 1966

<u>Average Units Purchased Per Delivery</u>	<u>Discount Schedule</u>
0 - 149	13%
150 - 199	15%
200 - 249	17%
250 - 299	19%
300 - 349	21%
350 - 399	22%
400 - 449	23%
450 - 499	24%
500 - 549	25%
550 - 599	25-1/2%
600 and Over	26%

OPTIONAL SERVICES

- (1) Stores participating on an advance order, no special delivery program, with deliveries to a refrigerated storage box or dairy case, purchasing 150 or more points per delivery will receive an additional 1%.
- (2) Stores participating on a basis of no credit for returned merchandise, except for faulty containers or product, will receive an additional 1%.

THE BORDEN COMPANY  
Chicago Metropolitan Region

159  
File

25

September 11, 1964

Woodstock

.6517

.3453

.1796

.6907

.5175

.1688

.3008

.5533

.1796

.2578

.2316

.0930

.3175

.2595

.4985

.2836

.4671

.2390

.2789

.1964

.2089

.3558

.4001

.1581

REGION

3 D

November 30, 1964

# THE BORDEN COMPANY

PRICES TO THE GREAT ATLANTIC & PACIFIC TEA COMPANY

## CHICAGO AND CALUMET AREAS

Effective November 15, 1964

160

26

AREA NO.	SUPPLEMENT	PRODUCTS	SIZE	All Stores Except as noted	McHenry	Crystal Lake	Fox Lake	Woodstock	Zion	Antioch	Wauconda
834a		MILK									
		PRODUCTS	SIZE								
		HOMO V.D. MILK	Glass	1/2 Gal.	.6510 *						.6494 *
		" " "Paper	Gal.	1/2 Gal.	.3430 *						.3422 *
		" " "Paper	Gal.	Qt.	.1855 *						.1851 *
		" " "Paper	Gal.	Gal.	.6860 *						.6844 *
		GAIL BORDEN		1/2 Gal.							
		Gold-N-Del Glass	Gal.	Gal.	.6090 *						
		GOLD-N-DEL		1/2 Gal.	.3220 *						.3212 *
		FORTIFIED SKIM		Qt.	.1785 *						.1781 *
		" " "		1/2 Gal.	.3220 *						.3212 *
		BUTTERMILK		Gal.	.3430 *						.3422 *
		" " "		Qt.	.1855 *						.1851 *
		Choc. Milk		1/2 Pts.	.2380 *						.2376 *
		DUTCH CHOCOLATE MILK		Qt.	.2240 *						.2236 *
		CHOCOLATE SHAKE		1/2 Pt.	.0930						.0930
		Choc. Skim		1/2 Gal.	.3220 *						.3212 *
		HALF & HALF		Pt.	.2730 *						.2726 *
		" " "		Qt.	.5390 *						.5382 *
		WHIPPING CREAM		1/2 Pt.	.2800						.2796 *
		SOUR CREAM		1/2 Qt.	.4445 *						.4437 *
		" " "		8 oz.	.2275 *						.2271 *
		SOUR CREAM DIP		8 oz.	.2695 *						.2691 *
		YOGURT		8 oz.	.1890 *						.1890 *
		TRIPLE WHIP		8 oz.	.3710 *						.3710 *
		our Half & Half		Pt.	.3255 *						.3251 *
		EGG NOG		Qt.	.3990 *						.3990 *
		Bees		Qt.							
		ORANGE & Fruit Del.		1/2 Gal.	.2581						
		" " "		Qt.	.1490						
		FRUIT PUNCH		8 Gal.							
		Ice Wake-U-		Pt.	.2108						.2103

\* Asterisk denotes price change  
Asterisk denotes new authorization

Bottle Deposit

Gallons 15      5 Gallons      Quarts

These prices are available to all on a proportionately equal basis

THE BORDEN COMPANY - CHICAGO METROPOLITAN REGION

CX 153 E



## The Borden Company - Chicago

Comparative Statement of Profit and Loss Before Taxes for the Chicago Metropolitan Milk Operation for Each Calendar Month of 1965, the Total Twelve Months of 1965, and for Each of the First Eight Months of 1966. 1/

	January		February		March		April		May		June	
Milk Volume (pounds)	37,498,907		30,297,166		30,540,698		37,232,113		29,355,461		28,977,733	
	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt
Net Sales	\$ 3,210,110	\$8.56	\$ 2,599,753	\$8.58	\$ 2,633,936	\$8.62	\$ 3,199,631	\$8.59	\$ 2,522,114	\$8.58	\$ 2,444,354	\$8.55
Cost of Products Sold	2,291,513	6.11	1,878,821	6.20	1,921,986	6.29	2,307,466	6.19	1,766,321	6.01	1,745,081	6.10
Gross Profit	918,597	2.45	720,932	2.38	711,950	2.33	892,165	2.40	755,793	2.57	699,273	2.45
Operating Expenses:												
Advertising	25,512	0.07	6,121	0.02	2,018	0.01	25,657	0.07	20,076	0.07	20,070	0.07
Credit, Collection, Selling & Delivery	766,179	2.05	617,893	2.04	597,066	1.95	736,209	1.98	588,079	2.00	571,026	2.00
Administrative	33,439	0.09	27,517	0.09	26,696	0.09	33,636	0.09	25,213	0.08	( 601 )	0.00
Total Operating Expenses	827,130	2.21	651,533	2.15	625,780	2.05	795,502	2.14	633,368	2.15	590,495	2.07
Net Profit (Loss) Before Taxes	91,467	0.24	69,399	0.23	86,170	0.28	96,663	0.26	122,425	0.42	108,818	0.38

1/ Calendar Year 1965 is reported on accounting periods of 3-4-4 weeks each quarter; 1966 reported on calendar month basis.

FEDERAL TRADE COMMISSION	
Docket No. <u>886-6</u>	Exhibit No. <u>206A</u>
In the Matter of: <u>B&amp;P</u>	
Date: <u>1/11</u>	Witness: _____ Report: <u>ATC</u>

CA 206 A



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cx 185-

Comparison of Borden Company Weekly Billings, by Point Value, of  
Products Covered by the Private Label Arrangement Purchased by A & P  
in Chicago and Suburbs Area Under Both Private Label and Borden  
Label during Selected Periods from November 1965 to December 1968.

Week Ending	Private Label Products Purchased	Percent of Total	Borden Label Purchases of Identical Products	Percent of Total	Total Point
11/20/65	169,047	47.9%	183,659	52.1%	352,706
12/11/65	162,232	45.4	195,451	54.6	357,683
1/8/66	240,518	59.9	161,028	40.1	401,546
2/5/66	212,851	61.4	134,065	38.6	346,916
3/5/66	192,454	58.7	135,379	41.3	327,833
4/9/66	207,802	59.1	143,958	40.9	351,760
5/7/66	243,574	60.5	159,254	39.5	402,828
6/11/66	243,544	61.7	151,339	38.3	394,883
7/9/66	220,391	62.9	130,093	37.1	350,484
8/6/66	258,128	63.0	151,403	37.0	409,531
9/3/66	270,465	63.9	152,978	36.1	423,443
10/8/66	357,168	100.0	2 (CR)	0	357,166
10/22/66	386,339	100.0	0	0	386,339
11/5/66	385,318	99.9	91	.1	385,409
11/19/66	389,621	99.9	393	.1	390,014
12/10/66	375,291	100.0	11	0	375,302
12/24/66	440,018	99.9	58	.1	440,076
1/7/67	368,007	99.9	339	.1	440,346
1/21/67	357,621	99.9	150	.1	436,154
2/4/67	428,060	99.9	32	.1	436,154
2/18/67	382,858	98.1	8,094	1.9	387,966
3/4/67	377,707	99.9	108	.1	377,739
3/25/67	381,050	99.9	419	.1	381,469
4/1/67	324,030	99.9	21	.1	324,051
4/15/67	351,751	99.9	26	.1	351,777
4/22/67	336,263	99.9	61	.1	336,324
5/6/67	331,876	99.9	1,371	.4	333,247
5/20/67	309,122	99.6	352	.2	309,474
6/10/67	368,963	99.8	154	.1	369,117
6/24/67	363,321	99.9	161	.1	363,482
7/8/67	340,751	99.9	32	.1	340,783
7/22/67	351,453	99.9	16	.1	351,469
8/5/67	363,149	100.0	111	0	363,260
8/19/67	355,105	99.9	132	.1	355,237
9/9/67	341,615	99.9	24	.1	341,639
10/7/67	407,627	100.0	0	0	407,627
11/4/67	397,112	100.0	0	0	397,112
12/9/67	405,175	100.0	0	0	405,175
1/6/68	369,142	100.0	0	0	369,142
2/10/68	355,587	100.0	0	0	355,587
3/9/68	346,929	100.0	0	0	346,929
4/6/68	327,581	100.0	0	0	327,581
5/4/68	238,651	100.0	0	0	238,651
6/8/68	320,189	100.0	0	0	320,189
7/6/68	314,434	100.0	0	0	314,434
8/10/68	295,361	100.0	0	0	295,361
9/7/68	295,361	100.0	0	0	295,361
10/5/68	288,872	100.0	0	0	288,872
11/9/68	325,757	100.0	0	0	325,757
12/7/68	317,700	100.0	0	0	317,700
	334,357	100.0	0	0	334,357

Source: Borden Company Weekly Billings of A & P Store Summaries for Chicago and Suburbs Area.

16

837a

Sales Volume (Pounds)	July		August		September		October		November		December		Total (12 Months)	
	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt
Net Sales	\$ 2,969,310	\$8.48	\$ 2,416,025	\$8.50	\$ 2,565,020	\$8.52	\$ 3,243,166	\$8.50	\$ 2,541,197	\$8.27	\$ 3,114,076	\$8.56	\$ 33,458,732	\$8.53
Cost of Products Sold	2,183,586	6.24	1,770,849	6.23	1,872,014	6.22	2,365,737	6.20	1,913,792	6.23	2,087,512	5.74	24,104,878	6.14
Gross Profit	785,724	2.24	645,176	2.27	693,006	2.30	877,429	2.30	627,405	2.04	1,026,564	2.82	9,353,854	2.39
Operating Expenses:														
Advertising	24,574	0.07	19,803	0.07	11,048	0.04	26,322	0.07	5,981	0.02	(143,332)	(0.39)	43,850	0.01
Credit, Collecting, Selling & Delivery	708,157	2.02	583,423	2.05	609,204	2.02	718,496	1.88	593,630	1.93	719,965	1.98	7,811,329	1.99
Administrative	27,164	0.08	10,290	0.04	20,606	0.07	33,519	0.09	19,253	0.06	790	0.00	257,522	0.07
Total Operating Expenses	759,895	2.17	613,516	2.16	640,858	2.13	778,337	2.04	618,864	2.01	577,423	1.59	8,112,701	2.07
Net Profit (Loss) Before Taxes	25,829	0.07	31,660	0.11	52,148	0.17	99,092	0.26	8,541	0.03	449,141	1.23	1,241,153	0.32

FEDERAL TRADE COMMISSION

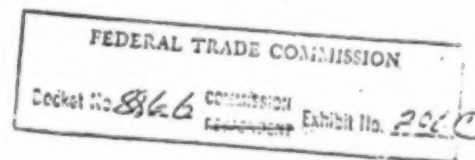
82-66

EXHIBIT NO. 2000

838a

	January 1966		February 1966		March 1966		April 1966		May 1966		June 1966		July 1966		August 1966	
Sales Volume (Pounds)	32,548,237		30,024,268		34,958,267		34,576,313		35,965,675		34,844,917		34,125,178		34,432,467	
	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt	Amount	Unit Amount Per Cwt
Net Sales	\$ 2,703,896	\$8.31	\$ 2,528,537	\$8.42	\$ 2,957,905	\$8.46	\$ 2,924,023	\$8.46	\$ 3,024,462	\$8.41	\$ 2,930,212	\$8.41	\$ 2,901,674	\$8.50	\$ 3,022,302	\$8.78
Cost of Products Sold	2,008,480	6.17	1,906,850	6.35	2,223,643	6.36	2,216,784	6.41	2,297,806	6.39	2,211,456	6.35	2,247,098	6.58	2,317,260	6.73
Gross Profit	695,416	2.14	621,687	2.07	734,262	2.10	707,239	2.05	726,656	2.02	718,756	2.06	654,776	1.92	705,042	2.05
Operating Expenses:																
Advertising	6,712	0.02	6,248	0.02	7,048	0.02	6,768	0.02	6,560	0.02	6,432	0.02	6,352	0.02	6,431	0.02
Credit, Collection, Selling & Delivery	637,454	1.96	630,561	2.10	674,725	1.93	658,911	1.91	678,620	1.89	686,273	1.97	670,732	1.97	659,061	1.91
Administrative	22,247	0.07	21,098	0.07	25,573	0.07	23,723	0.07	25,558	0.07	26,633	0.07	(3,015)	(0.01)	22,485	0.07
Total Operating Expenses	666,413	2.05	657,907	2.19	707,346	2.02	689,402	2.00	710,738	1.98	719,338	2.06	674,069	1.98	667,977	2.02
Net Profit (Loss) Before Taxes	29,003	0.09	(36,220)	(0.12)	26,916	0.08	17,837	0.05	15,918	0.04	(582)	0.00	(19,293)	(0.06)	17,065	0.05

Sources: The Jordan Company submission to 1966 FTC Milk and Bread Survey.



SCHEDULE OF LISTED SALES AND EXPENSES  
ITEMS INCURRED IN FAVOR OF DEFENDANT BORDEN -  
BORDEN'S CHICAGO METROPOLITAN RISK CORPORATION

CHICAGO METROPOLITAN FIRE DEPARTMENT							
Year 1964	Year 1965 (Reported on period accounting of 5-4-4 weeks each quarter.)						
Total	January	February	March	April	May	June	
12 Months							
Sales Volume of Finished Products (Points)	186,672,551	17,441,352	14,091,705	14,205,069	17,317,262	13,674,168	13,291,829
Net Sales Value of Finished Products	34,307,161	3,210,110	2,599,753	2,633,936	3,199,631	2,522,114	2,444,394
Cost of Products Sold	24,388,713	2,291,513	1,878,821	1,921,986	2,307,466	1,766,521	1,745,081
Advertising Expense	121,950	25,512	6,121	2,018	25,657	20,076	20,070
Credit, Collection, Selling & Delivery Expenses	7,944,093	768,179	617,895	597,066	736,209	588,079	571,026
Administrative Expense	335,434	33,439	27,517	26,696	33,636	25,213	601
							</

Year 1965 (Reported on period accounting of 5-4-4 weeks each quarter.)	July	August	September	October	November	December
	July	August	September	October	November	December
Sales Volume of Finished Products (Points)	16,287,594	13,216,713	13,994,001	17,741,973	14,236,096	16,907,399
Net Sales Value of Finished Products	2,969,310	2,416,025	2,565,020	3,243,166	2,541,197	3,114,076
Cost of Products Sold	2,183,586	1,770,849	1,872,014	2,365,737	1,913,792	2,087,512
Advertising Expense	24,574	19,803	11,048	26,322	5,901	( 143,332)
Credit, Collection, Selling & Delivery Expenses	708,157	583,423	609,204	718,496	593,630	719,965
Administrative Expense	27,164	10,290	20,606	33,519	19,253	790

Year 1966 (Reported on calendar month accounting.)	January	February	March	April	May	June	July	August
	January	February	March	April	May	June	July	August
Sales Volume of Finished Products (Points)	15,138,715	13,964,776	16,259,659	16,082,006	16,728,221	16,206,938	15,872,176	16,015,101
Net Sales Value of Finished Products	2,703,896	2,528,537	2,957,905	2,924,023	3,024,462	2,930,212	2,901,874	3,002,304
Cost of Products Sold	2,008,480	1,906,850	2,223,643	2,216,784	2,297,808	2,211,433	2,247,088	2,011,800
Advertising Expense	6,712	6,243	7,048	6,763	6,560	6,432	6,352	6,432
Credit, Collection, Selling & Delivery Expenses	637,454	630,561	674,725	658,911	678,620	686,273	670,732	686,081
Administrative Expense	22,247	21,098	25,573	22,723	22,333	23,323	( 3,011)	22,485

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. 841a  
MIDDLE WESTERN DIVISION - CHICAGO OFFICE

Mr. J. J. Address

P. O. BOX 6000-A

CHICAGO, ILLINOIS, 60680

2622 N. PULASKI

CHICAGO, ILLINOIS, 60639

CX 263-A

October 1st 1965

Mr. Herschel B. Smith,  
Headquarters Buying Department,  
New York

Dear Mr. Smith:

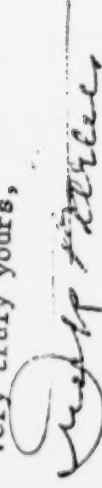
Attached are proposals from The Borden Company and The Bowman Dairy Company to supply our Chicago Unit with A&P labeled dairy products, and in view of Borden's quotations, it is Chicago's intention to purchase supplies from them.

The Chicago Unit has requested approval to introduce A&P Milk as an additional item, and they will therefore carry present brands along with the A&P, at least temporarily, feeling that they could convert approximately 65% of their business to the A&P brand, which, incidentally, is our present experience in metropolitan St. Louis.

Mr. Vogel, Mr. Gamble and the writer concur with Chicago's thinking.

We will appreciate your early approval.

Very truly yours,

  
I.R. Bartels

DRB:EB

841a-1

A & P Wholesale and Retail Price Changes For Selected A & P and Borden Label Milk Products  
For Period January 1965 Through December 1968

## Chicago and Suburbs Area

CX 255 R

Price Change Effective Week Ending 1/	Specific Date 2/	Homo-Gallon-Paper				Homo-1/2 Gallon-Paper				Homo-Quart-Paper				2 1/2 Gallon-Paper				Skim-1/2 Gallon-Paper			
		A & P Label		Borden Label		A & P Label		Borden Label		A & P Label		Borden Label		A & P Label		Borden Label		A & P Label		Borden Label	
		Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail
1/2/65	6/																				
11/20/65	2/																				
2/12/66	2/7/66	\$ .6248	3/	\$ .7371	\$ .89																
2/19/66																					
	2/21/66	.6508		.6860	NC	.3124	\$ .47	.3685	\$ .47	.1712	2/	.20	\$ .26	.2916	3/	.3453	\$ .45	.2834	3/	.3453	\$ .45
		NC		.7120	5/	.3254	.49	.3430	NC	.1777	.27	.1955	.26	.3044	.45	.3220	NC	.47	.47	.3220	NC
6/4/66						NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	.2964	NC	.3350	.47
	6/20/66	NC		.7260	NC	NC		.3630	NC	NC		.1955	NC	NC	NC	NC	NC	NC	NC	NC	NC
	7/18/66				NC				NC				NC					NC	NC	.3420	NC
	7/25/66				NC				NC				NC					NC	NC		NC
8/6/66	8/1/66	.6752	.93	.7504	.93	.3376	.51	.3752	.51	.1838	.29	.2016	.28	.3166	.51	.3542	.48	.49	.49	.3542	.48
	9/12/66				NC				NC				.28					.48	NC	.48	.48
	9/19/66				NC				NC				.28					.49	NC	.49	.49
9/24/66	9/26/66	.7028	.95	.7780	.95	.3514	.53	.3890	.53	.1907	.29	.2085	.29	.3304	.51	.3680	.49	.49	.49	.3542	.51
10/29/66		.7068			5/	.3534	NC		NC				.28					.51	NC	.3680	.51
11/5/66		NC			5/	NC		.3910	5/	.1917	NC		NC	.3304	NC	.3680	.49	.49	.49	.3542	.51
11/12/66		NC			5/	NC		NC	NC				NC	.3324	NC		.48	NC	.48	.48	.48
11/19/66	6/	NC			5/	NC		NC	NC				NC	NC	NC		.49	NC	.49	.49	.49
11/26/66		.7028	NC		5/	NC		.3890	5/	.1907	NC		NC	.3304	NC		.49	NC	.49	.49	.49
1/7/67		NC			5/	NC		NC	NC				NC	NC	NC		.49	NC	.49	.49	.49
3/18/67		.6752	NC		5/	NC		NC	NC				NC	NC	NC		.49	NC	.49	.49	.49
4/15/67					5/	NC		NC	NC				NC	NC	NC		.49	NC	.49	.49	.49
4/22/67		.6832	NC		5/	.3416	NC		5/	.1858	NC		NC	.3166	NC		.49	NC	.49	.49	.49
5/6/67		NC			5/	NC		NC	NC				NC	NC	NC		.49	NC	.49	.49	.49
5/13/67		NC			5/	NC		NC	NC				NC	NC	NC		.49	NC	.49	.49	.49
5/13/67		.7004	NC	.7504	NC	.3502	NC	.3752	NC	.2016	NC		NC	NC	NC		.49	NC	.49	.49	.49
5/20/67		.7068	.88	.7740	.98	.3534	.55	.3838	.55	.1901	NC		NC	.3292	NC		.49	NC	.49	.49	.49
5/27/67		NC	.98		5/	NC		.3870	.55	.1917	.30		5/	.3324	.53		.49	NC	.49	.49	.49
9/9/67		.7328	.99		5/	.3664	NC		5/	.1982	.31		5/	.3324	.53		.49	NC	.49	.49	.49
	10/25/67		.93		5/	.3664	NC		5/	.1982	.31		5/	.3324	.53		.49	NC	.49	.49	.49
	2/26/68		NC		NC		NC		NC		NC		NC	.3454	.54		.49	NC	.49	.49	.49
3/2/68		NC			5/	NC		NC	NC		NC		NC	.3454	.54		.49	NC	.49	.49	.49
3/9/68	3/4/68	NC	NC		NC	NC		NC	NC		NC		NC	.3454	.54		.49	NC	.49	.49	.49
					5/	NC		NC	NC		NC		NC	.3454	.54		.49	NC	.49	.49	.49
	5/3/68		.93		.93			NC	NC		NC		NC	.3454	.54		.49	NC	.49	.49	.49
5/4/68		.7524			5/	.3762	NC		NC		NC		NC	.3454	.54		.49	NC	.49	.49	.49
	5/8/68		.96		.96			NC	NC		NC		NC	.3454	.54		.49	NC	.49	.49	.49
	7/2/68		.98		.98			.58	.58	.2031	.32		5/	.3552	.56		.49	NC	.49	.49	.49
7/6/68		.7656			5/	.3828	.59		.59	.2064	.32		5/	.3552	.56		.49	NC	.49	.49	.49
					5/	.3828	.59		.59	.2064	.32		5/	.3552	.56		.49	NC	.49	.49	.49
9/16/68		NC			NC		.58		.58		NC		NC	.3618	.58		.49	NC	.49	.49	.49
					NC		.58		.58		NC		NC	.3618	.58		.49	NC	.49	.49	.49
					NC		.58		.58		NC		NC	.3618	.58		.49	NC	.49	.49	.49

No price changes during period 9/17/68 through 12/31/68.

1/ Source: Borden Company Weekly Billings of A & P Store Summaries for Chicago and Suburbs Area.  
2/ Source: A & P Price Books.

3/ A &amp; P label milk purchases started 11/1/65.

4/ A &amp; P billings for weeks ending 11/6/65, 11/13/65, and 11/27/65 not available.

5/ A &amp; P store did not purchase this item at this time.

6/ Since Price Book Data was not available for periods 1/2/65-2/6/66 and 11/16/66-10/24/67, retail prices shown on Borden Company Weekly Billings were used for these periods.  
NC denotes no change in price.



11

SUMMARY PRESENT COST VS BORDEN & BOWMAN QUOTATIONS

<u>COMMODITY</u>	<u>YEARLY USAGE UNITS</u>	<u>BORDEN LABEL COST</u>	<u>BOWMAN'S A&amp;P LABEL QUOTATION</u>	<u>BORDEN'S A&amp;P LABEL QUOTATION</u>	<u>COST SAVINGS BORDEN VS A&amp;P QUOTATION FROM BORDEN</u>
<u>ALL PAPER</u>					
Gals. Homo	1,260,342	\$ 887,449	\$ 789,235	\$ 757,387	\$ 130,062
$\frac{1}{2}$ Gals. Homo	7,044,909	2,541,638	2,204,357	2,148,909	392,729
Qts. Homo	2,543,688	511,749	441,936	438,438	73,311
Qts. Chocolate	226,443	53,802	47,068	47,702	6,100
$\frac{1}{2}$ Gals. Buttermilk	405,236	147,766	126,735	125,245	22,521
Qts. Buttermilk	683,401	133,796	101,417	100,922	32,874
$\frac{1}{2}$ Gals. 2%	1,112,943	338,294	300,160	286,870	51,424
$\frac{1}{2}$ Gals. Skim	630,604	212,438	188,645	174,951	37,487
Qts. Skim	522,252	98,211	85,224	74,190	24,021
$\frac{1}{2}$ Pts. Whip Cream	372,302	111,401	95,937	96,832	14,569
Pts. Half & Half	1,798,400	569,903	488,397	471,870	98,033
		<hr/>	<hr/>	<hr/>	<hr/>
		\$5,606,447	\$4,869,111	\$4,723,316	\$ 883,131

EXECUTIVE OFFICES: 201 NORTH WELLS STREET

CHICAGO, ILLINOIS 60606

TELEPHONE 312: 645-6222

August 31, 1965

Mr. E. R. Schmidt, Buyer  
The Great Atlantic & Pacific Tea Co., Inc.  
Middle West Division  
2622 North Pulaski Road  
Chicago, Illinois 60639

Dear Mr. Schmidt:

Thank you for the opportunity to offer our price quotations according to your specifications. They are attached herewith for the following areas on fluid milk products only. (Cottage Cheese, separate.)

These quotations were developed by our accountants on an estimated total dollar volume of approximately one million dollars per month (26 delivery days) using Chicago list prices. A substantial increase or decrease in the size of your order (compared to the assumption of dollar volumes set forth above) would affect these prices and I would appreciate an opportunity to discuss with you a) the areas involved b) the dollar volume and c) the resultant prices.

AREA:

1. Metropolitan Chicago
2. Northwestern Illinois
3. North Central Illinois
4. Indiana
5. Iowa

Each bid on the above areas consists of the following substantiating materials:

1. Map Indicating Location of Stores
2. Cost Plus Pricing Schedule for the Bowman Label and the A & P Label Brands
3. Standard Direct Product Cost - Chicago Plant
4. Selling and Delivery Expenses - Per Route Day

Mr. E. R. Schmidt

August 31, 1965

These price quotations would only change as follows:

1. Increase or decrease in Federal Fluid Milk Market Order.
2. Increase or decrease in container costs.
3. Labor increases.

Costs not considered in these quotations are as follows:

1. Return of out-dated or sour merchandise.
2. Merchandising of stores and point-of-sale materials.
3. Call-backs (straight-line delivery service only was considered).

I am enclosing a history of the period of time that we served the A & P Company. This substantiated that we contributed to A & P's progress for the last eleven years that we had the privilege of servicing your stores.

We are looking forward to a resumption of business with your fine corporation in the very near future.

Sincerely,

*Frank T. Cannon Sr.*

FTC:rt  
enc.

Frank T. Cannon, Sr.  
General Manager - Wholesale

PRICE ESCALATION ON MILK ORDER PRICES

Chicago area prices are quoted on the basis of the present Order Number 30 price plus a super pool which totals \$4.32 per CWT. for 3.5% Class I Milk Products.

Iowa area prices are quoted on the basis of Order Number 63 price plus a super pool which totals \$4.37 per CWT. for 3.5% Class I Milk Products.

Each change of 5 cents per CWT. will increase or decrease quoted prices by 1/8 cent per point for each product.

In the event that stores are served in areas where there is no Federal Milk Order or where the super pool price is not effective, we will adjust quoted prices in that area.

LABOR PRICES

Quoted prices will be adjusted for any changes in Union labor rates or changes in Federal Payroll taxes.

Container Costs

Quoted prices will be adjusted for any changes in the purchase cost for containers used.

H. 36 - 8/31/65

846a

EXHIBIT A

4

NET PRICES - METROPOLITAN CHICAGO - NORTHWESTERN AND NORTH CENTRAL ILLINOIS  
STORE SERVICE SIX DAYS WEEKLY

	SCHEDULE I			NET PRICE AT CHICAGO AREA PLANT	DIRECT VARIATION COST TO SALES AREA	Direct Cost of delivery per point		NET DELIVERED PRICE SIX DAY RT.
	DIRECT COST FOB CHICAGO AREA PLANT	MARKUP					COMMISSION	
QTS. HOMO. V.D.	.1302	.0081		.1383	.0025	.0206	.0082	.1696
1/2 GAL. HOMO. V.D. (GLASS)								
1/2 GAL. HOMO. V.D. (FIBER)	.2390	.0119		.2509	.0051	.0412	.0164	.3136
GAL. HOMO. V.D. - GLASS	.4402	.0252		.4654	.0146	.0824	.0328	.5952
GAL. HOMO. V.D. - FIBER	.4878	.0141		.5019	.0101	.0824	.0328	.6272
QTS. BOW-CAL								
QTS. SOURED HALF & HALF	.2385	.0275		.2660	.0028	.0206	.0082	.2976
QTS. HALF & HALF	.2014	.0180		.2194	.0014	.0206	.0082	.2496
QTS. RICH CREAM								
QTS. RICH CREAM								
1/2 PT. RICH CREAM								
QTS. WHIP CREAM								
1/2 PT. WHIP CREAM	.2083	.0180		.2263	.0009	.0206	.0082	.2560
"QUICK-WHIP" DISPENSER	.2742	.0353		.3095	.0009	.0206	.0082	.3392
"REDDI WIP" DISPENSER	.4075	.0178		.4253	.0009	.0206	.0082	.4550
QTS. SOUR CREAM - PTS.	.1445	.0109		.1554	.0014	.0206	.0082	.1856
QTS. SOUR CREAM	.3001	.0375		.3376	.0112	.0412	.0164	.4064
1/2 PTS. SOUR CREAM	.1486	.0250		.1736	.0056	.0206	.0082	.2080
1/2 GAL. BUTTERMILK	.2259	.0250		.2509	.0051	.0412	.0164	.3136
QTS. BUTTERMILK	.1003	.0156		.1159	.0025	.0206	.0082	.1472
QTS. DARI-RICH	.1617	.0150		.1767	.0025	.0206	.0082	.2080
1/2 PTS. DARI-RICH CARRY PACK								
1/2 PTS. CHOCOLATE SHAKE	.0591	.0095		.0686	.0009	.0052	.0021	.0768
1/2 GAL. STA-FIT	.2131	.0250		.2381	.0051	.0412	.0164	.3008
QT. STA-FIT	.1163	.0156		.1319	.0025	.0206	.0082	.1682
1/2 GAL. 2%	.2106	.0211		.2317	.0051	.0412	.0164	.2944
YOGURT (Plain & Strawberry)	.1425	.0006		.1431	.0009	.0206	.0082	.1728
SNACK DIP - 5oz.	.2458	.0045		.2503	.0009	.0206	.0082	.2800

CLASS I PRICE - 4.32 per CWT.



36-8-31-65

8478

# STANDARD DIRECT PRODUCT COSTS - CHICAGO PLANT

	RAW MERCHANDISE COST FOR CHICAGO PLANT	BOTTLING PLANT LABOR AND EXPENSES	CONTAINERS	TOTAL DIRECT COSTS FOR CHICAGO PLANT
QTS. HOMO. V.D.	.0986	.0154	.0162	.1302
1/2 GAL. HOMO. V.D. (CLASS)				
1/2 GAL. HOMO. V.D. (FIBER)	.1971	.0129	.0290	.2390
GAL. HOMO. V.D. - GLASS	.3942	.0279	.0171	.4392
GAL. HOMO. V.D. - FIBER	.3942	.0321	.0615	.4878
QTS. LOW-CAL				
PTS. SOURD HALF & HALF	.1202	.0690	.0493	.2385
PTS. HALF & HALF	.1201	.0698	.0115	.2014
QTS. RICH CREAM			-	
PTS. RICH CREAM			-	
1/2 PT. RICH CREAM			-	
QTS. WHIP CREAM			-	
1/2 PT. WHIP CREAM	.1489	.0505	.0089	.2083
"QUICK-WHIP" DISPENSER	.2717	.0025	-	.2742
"REDDE WHIP" DISPENSER	.11050	.0025	-	.1130
Boston Blend PINTS	.1420	.0025	-	.1445
PTS. SOUR CREAM	.1666	.0000	.0431	.2097
1/2 PTS. SOUR CREAM	.0833	.0000	.0308	.1141
1/2 GAL. BUTTERMILK	.1301	.0668	.0290	.2259
QTS. BUTTERMILK	.0651	.0180	.0162	.1003
QTS. DARI-RICH	.1043	.0000	.0162	.1205
1/2 PTS. DARI-RICH CARRY PACK				
1/2 PTS. CHOCOLATE SHAKE	.0403	.0089	.0089	.0581
1/2 GAL. STA-FIT	.1312	.0529	.0290	.2131
QT. STA-FIT	.0656	.0245	.0162	.1063
1/2 GAL. 2%	.1672	.0144	.0290	.2106
YOGURT (Plain & Strawberry)	.1400	.0025	-	.1425
SNACK DIP - 8 oz	.2433	.0025	-	.2458

CLASS I PRICE - 4.32 per CWT.



848a

THE BORDEN COMPANY

CHICAGO METROPOLITAN REGION

1821 S. KILBOURN AVENUE

CHICAGO, ILLINOIS 60623

AREA CODE 312 CRAWFORD 7-6400

October 1, 1965

Mr. E. R. Schmidt  
The Great A & P Tea Company  
2622 N. Pulaski Avenue  
Chicago, Illinois

Dear Mr. Schmidt:

You have our price quotations dated September 21, 1965 for milk, cream and other dairy products for several areas in Indiana and Illinois. We wish to assure you that our prices are proper under applicable law and we are prepared to defend these prices.

We appreciate your patronage.

Sincerely,

THE BORDEN COMPANY  
Chicago Metropolitan Region

J. G. Tarr, Sales Manager  
Chain Store Sales

#

THE BORDEN COMPANY  
CENTRAL DIVISION  
ZONE NO. I - CHICAGO AND CALUMET AREA

PRICES AS OF MAY 8, 1965

14

COMMODITY	YEARLY USAGE	BORDEN LABEL UNIT COST	BORDEN LABEL ANNUAL COST	A & P LABEL UNIT COST	A & P LABEL ANNUAL COST	DIFFERENTIAL ANNUAL BASIS
Gals. Homo Paper	773,327	\$.7371	\$ 570,024	\$.6220	\$ 481,009	\$ 89,015
½ Gals. Homo	5,321,403	.3685	1,960,937	.3110	1,654,956	305,981
Qts. Homo	2,194,591	.2000	438,915	.1705	374,178	64,737
Qts. Chocolate	163,037	.2437	39,728	.2150	35,053	4,675
½ Gals. Buttermilk	331,344	.3685	122,096	.3030	100,397	21,699
Qts. Buttermilk	542,083	.2000	108,420	.1560	84,565	23,855
½ Gals. 2%	612,231	.3453	211,397	.2900	177,547	33,850
½ Gals. Skim	515,996	.3453	178,169	.2820	145,511	32,658
Qts. Skim	445,587	.1917	85,419	.1440	64,165	21,254
½ Pts. Whip Cream	256,481	.3068	78,693	.2640	67,711	10,982
Pts. Half-Half	1,577,403	.2984	470,704	.2440	384,886	85,818
TOTAL			<u>\$4,264,502</u>		<u>\$3,569,978</u>	<u>\$694,524</u>

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THE BORDEN COMPANY  
CENTRAL DIVISION  
ZONE NO. II - SOUTH BEND AREA

PRICES AS OF MAY 8, 1965

COMMODITY	YEARLY USAGE	BORDEN LABEL UNIT COST (ave.)	BORDEN LABEL ANNUAL CCST	A & P LABEL UNIT COST	A & P LABEL ANNUAL COST	DIFFERENTIAL ANNUAL BASIS
Gals. Homo	129,272	\$.6305	\$ 81,501	3-Day \$.5848	\$ 75,709	\$ 5,792
½ Gals. Homo	493,064	.3203	157,907	6-Day .6248		
Qts. Homo	97,431	.1694	16,501	3-Day .2924	144,575	13,332
Qts. Chocolate	10,400	.2166	2,253	6-Day .3124	15,748	753
½ Gals. Buttermilk	23,504	.3193	7,505	3-Day .1612	2,142	111
Qts. Buttermilk	29,276	.1687	4,940	6-Day .1712	6,695	810
½ Gals. 2%	101,781	.2965	30,177	3-Day .2057	4,303	637
½ Gals. Skim	21,216	.2852	6,050	6-Day .2157	27,705	2,472
Qts. Skim	11,371	.1601	1,820	3-Day .2844	5,593	457
½ Pts. Whip Cream	14,109	.2555	3,605	6-Day .3044	1,536	284
Pts. Half-Half	76,076	.2465	18,755	3-Day .1467	3,602	3
				6-Day .1567	17,822	933
				3-Day .2714		
				6-Day .2914		
				3-Day .2634		
				6-Day .2834		
				3-Day .1347		
				6-Day .1447		
				3-Day .2547		
				6-Day .2647		
				3-Day .2337		
				6-Day .2447		
TOTAL			<u>\$331,014</u>		<u>\$305,430</u>	<u>\$ 25,584</u>

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THE BORDEN COMPANY  
Central Division

Prices as of May 8

Zone No.III - Rockford-Joliet Area.

Commodity	Yearly Usage	Borden Label Unit Coast Average	Borden Label Annual Cost	A & P Label Unit Cost	A & P Label Annual Cost	Differential Annual Basis
Gals. Homo	50,353	\$.7305	\$36,781	\$.5972	\$30,071	\$ 6,710
1/2 Gals. Homo	251,507	.3645	91,676	.2986	75,100	16,576
Quarts Homo	63,076	.1907	12,029	.1643	10,363	1,666
Quarts Chocolate	13,919	.2403	3,345	.2088	2,906	439
1/2 Gals. Butter- milk	20,124	.3643	7,332	.2906	5,848	1,484
Quarts Buttermilk	30,957	.1893	5,859	.1498	4,637	1,222
1/2 Gals. 2%	97,725	.3347	32,708	.2776	27,128	5,580
1/2 Gals. Skim	25,116	.3306	8,303	.2696	6,771	1,532
Quarts Skim	15,600	.1789	2,791	.1378	2,150	641
1/2 Pts. Whipping Cream	29,588	.2882	8,528	.2578	7,628	900
Pints Half-Half	58,725	.2807	16,484	.2378	13,964	2,520
<u>Total</u>			<u>\$225,836</u>		<u>\$186,566</u>	<u>\$39,270</u>

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THE BORDEN COMPANY  
Central Division

Prices as of May 8

ZONE NO. IV -- Miscellaneous Area

<u>Commodity</u>	<u>Yearly Usage</u>	<u>Borden Label Unit Cost (Average)</u>	<u>Borden Label Annual Cost</u>	<u>A &amp; P Label Unit Cost (Average)</u>	<u>A &amp; P Label Annual Cost</u>	<u>Differential Annual Basis</u>
Gallons Homo	158,479	\$ .6866	\$ 108,819	\$ .5627	\$ 89,173	\$ 19,646
1/2 Gals. Homo	723,095	.3501	253,188	.2825	204,331	48,857
Quarts Homo	141,908	.1837	26,069	.1548	21,970	4,099
Quarts Chocolate	23,487	.2325	5,460	.1992	4,678	782
1/2 Gals. Buttermilk	30,264	.3580	10,833	.2769	8,379	2,454
Quarts Buttermilk	52,468	.1843	9,672	.1414	7,417	2,255
1/2 Gals. 2%	124,193	.3232	40,144	.2619	32,528	7,616
1/2 Gals. Skim	30,663	.3273	10,036	.2571	7,883	2,153
Quarts Skim	27,109	.1707	4,628	.1295	3,511	1,117
1/2 Pints Whip Cream	48,967	.2917	14,283	.2494	12,212	2,071
Pints Half & Half	156,381	.2742	42,883	.2288	35,782	7,101
			<u>\$ 526,015</u>		<u>\$ 427,864</u>	<u>\$ 98,151</u>

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Prices as of May 8

THE BORDEN COMPANY  
Central Division

Zone No. V---Rock Island Area.

Commodity	Yearly Usage	Borden Label Unit Cost Average	Borden Label Annual Cost	A & P Label Unit Cost	A & P Label Annual Cost	Differential Annual Basis
Gals. Homo	148,911	\$.6066	\$90,324	\$.5468	\$81,425	\$ 8,899
1/2 Gals. Homo	255,840	.3035	77,636	.2734	69,947	7,689
Quarts Homo	106,652	.1710	18,235	.1517	16,179	2,056
Quarts Chocolate	15,600	.1933	3,016	.1874	2,923	93
Quarts Buttermilk	28,617	.1714	4,905	.1372	3,926	979
1/2 Gals. 2%	87,013	.2743	23,868	.2524	21,962	1,906
1/2 Gals. Skim	37,613	.2627	9,880	.2444	9,193	687
Quarts Skim	22,585	.1573	3,553	.1252	2,828	725
1/2 Pts. Whipping Cream	23,157	.2717	6,292	.2452	5,679	613
Pints Half-Half	86,216	.2445	21,077	.2252	19,416	1,661
<u>Total</u>			<u>\$258,786</u>		<u>\$233,478</u>	<u>\$25,308</u>



THE BORDEN COMPANYCHICAGO - CALUMET AREA (ZONE NO. I)GENERAL QUOTATION - A & P PRIVATE LABEL

(Related to the Present Announced Superpool Class I Price of \$4.29)

	* Net for A & P	
	Net for Borden Label	Private Label
Homo V. D. Milk - Gal. Paper	\$ .7371	\$ .6220
Homo V. D. Milk - 1/2 Gal. Paper	.3685	.3110
Homo V. D. Milk - Qts. Paper	.2000	.1705
2% - Gal. Paper	.6906	.5800
2% - 1/2 Gal. Paper	.3453	.2900
Vitamin Fortified Skim - 1/2 Gal. Paper	.3453	.2820
Vitamin Fortified Skim - Qts. Paper	.1917	.1400
Half & Half - Pts. Paper	.2984	.2440
Chocolate Milk - Qts. Paper	.2437	.2150
Buttermilk - 1/2 Gal. Paper	.3685	.3030
Buttermilk - Qts. Paper	.2000	.1560
Whipping Cream - 1/2 Pts. Paper	.3068	.2640

\* (1) Above net unit prices for A & P private label products are related to delivery conditions and cooperative program as set forth on the accompanying schedule.

(2) Above net unit prices for A & P private label products are subject monthly to any change in the Class I price as such relates to the Class I price of \$4.29 per cwt. indicated above, in accordance with the price change per unit schedule attached. In addition, the above unit prices for A & P private label products are subject to change in connection with changes that occur in the cost of labor and containers.

September 21, 1965

## THE BORDEN COMPANY

## General Quotation -- A &amp; P Private Label

(Related to Present Announced Superpool Class I Price of \$4.32 Per Cwt.)

\* Net Price for A & P Private Label Products  
by Type and Method of Delivery

Private Label Products	3-Day		4-Day		5-Day		6-Day	
	Per Week	Drop	Per Week	Drop	Per Week	Drop	Per Week	Drop
	Delivery		Delivery		Delivery		Delivery	
Homo V.D. Milk - Gallon Paper	.5848		.6048		.6148		.6248	
Homo V.D. Milk - 1/2 Gal. Paper	.2924		.3024		.3074		.3124	
Homo V.D. Milk - Quart Paper	.1612		.1662		.1687		.1712	
2% - 1/2 Gal. Paper	.2714		.2814		.2864		.2914	
Vitamin Fortified Skim - 1/2 Gal. Paper	.2634		.2734		.2784		.2834	
Vitamin Fortified Skim - Quart Paper	.1347		.1397		.1422		.1447	
Half & Half - Pint Paper	.2337		.2397		.2422		.2447	
Chocolate Milk - Quart Paper	.2057		.2107		.2132		.2157	
Buttermilk - 1/2 Gal. Paper	.2844		.2944		.2994		.3044	
Buttermilk - Quart Paper	.1467		.1517		.1542		.1567	
Whipping Cream - 1/2 Pint Paper	.2547		.2597		.2622		.2647	

Prices apply to stores located in the geographical area subject to the terms of the Chicago Superpool which are as follows:

## Stores Receiving 3-Day Per Week Delivery:

South Bend (6 stores), Mishawaka  
Elkhart, Goshen, La Porte, Valparaiso,  
Walkerton and Michigan City.

## Stores Receiving 6-Day Per Week Delivery:

Chesterton, South Bend (1 store).

## Stores Receiving 4-Day and 5-Day Per Week Delivery:

None

- \* (1) Above net unit prices for A & P private label products are related to delivery conditions and co-operative program as set forth on the accompanying schedule.
- (2) Above net unit prices for A & P private label products are subject monthly to any change in the Class I price as such relates to the Class I price of \$4.32 per cwt., indicated above, in accordance with the price change per unit schedule attached. In addition, the above unit prices for A & P private label products are subject to change in connection with changes that occur in the cost of labor and containers.

September 21, 1965

The Borden Company• General Quotation - A & P Private Label

(Related to Present Announced Superpool Class I Price of \$4.00 per Cwt.)

Private Label Products	* Net Price for A & P Private Label Products by Type and Method of Delivery					
	3 - Day Per Week Drop Delivery	4 - Day Per Week Drop Delivery	5 - Day Per Week Drop Delivery	6 - Day Per Week Drop Delivery		
Homo V.D. Milk - Gal. Paper	.5572	.5772	.5872	.5972		
Homo V.D. Milk - 1/2 Gal. Paper	.2786	.2886	.2936	.2986		
Homo V.D. Milk - Quart Paper	.1543	.1593	.1618	.1643		
2% - 1/2 Gal. Paper	.2576	.2676	.2726	.2776		
Vitamin Fortified Skim - 1/2 Gal. Paper	.2496	.2596	.2646	.2696		
Vitamin Fortified Skim - Quart Paper	.1278	.1328	.1353	.1378		
Half & Half - Pint Paper	.2278	.2328	.2353	.2378		
Chocolate Milk - Quart Paper	.1988	.2038	.2063	.2088		
Buttermilk - 1/2 Gal. Paper	.2706	.2806	.2856	.2906		
Buttermilk - Quart Paper	.1398	.1448	.1473	.1498		
Whipping Cream - 1/2 Pint Paper	.2478	.2528	.2553	.2578		

Prices apply to stores located in the geographical area subject to the terms of the Rockford Superpool which are as follows:

Stores Receiving 6-Day Per Week Delivery:

Lockport, Aurora (2 stores), Joliet  
(6 stores), Rockford (5 stores), Freeport  
and Loves Park.

Stores Receiving 3-Day - 4-Day - or 5-Day Per Week Delivery:

None

- \* (1) Above net unit prices for A & P private label products are related to delivery conditions and co-operative program as set forth on the accompanying schedule.
- (2) Above net unit prices for A & P private label products are subject monthly to any change in the Class I price as such relates to the Class I price of \$4.00 per cwt. indicated above, in accordance with the price change per unit schedule attached. In addition, the above unit prices for A & P private label products are subject to change in connection with changes that occur in the cost of labor and containers.

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(Zone No. 4)

September 21, 1965

The Borden CompanyGeneral Quotation - A & P Private Label

(Related to the Announced Class I Price Under Federal Order No. 30 of \$3.78 per Cwt.)

\* Net Price for A & P Private Label Products  
by Type and Method of Delivery

Private Label Products	3-Day		4-Day		5-Day		6-Day	
	Per Week	Drop	Per Week	Drop	Per Week	Drop	Per Week	Drop
	Delivery		Delivery		Delivery		Delivery	
Homo V.D. Milk - Gal. Paper		.5380		.5580		.5680		.5780
Homo V.D. Milk - 1/2 Gal. Paper		.2690		.2790		.2840		.2890
Homo V.D. Milk - Quart Paper		.1495		.1545		.1570		.1595
2% - 1/2 Gal. Paper		.2480		.2580		.2630		.2680
Vitamin Fortified Skim Milk - 1/2 Gal. Paper		.2400		.2500		.2550		.2600
Vitamin Fortified Skim Milk - Quart Paper		.1230		.1280		.1305		.1330
Half & Half - Pint Paper		.2230		.2280		.2305		.2330
Chocolate Milk - Quart Paper		.1940		.1990		.2015		.2040
Buttermilk - 1/2 Gal. Paper		.2610		.2710		.2760		.2810
Buttermilk - Quart Paper		.1350		.1400		.1425		.1450
Whipping Cream - 1/2 Pint Paper		.2430		.2480		.2505		.2530

Prices apply to stores located in the geographical area subject to the announced Class I milk prices under Federal Order No. 30, (which Class I milk prices are not subject to producer "superpool" payments) which stores are as follows:

Stores Receiving 3-Day Per Week Delivery:

Manteno	Momence	St. Annes	Gilman	La Salle
Marseilles	Ottawa	Streator	Pontiac	Princeton
Spring Valley	Sandwich	Plano	Lacon	Minonk
Culver	Knox	North Judson	Galena	Warren
Mendota				

Stores Receiving 4-Day Per Week Delivery:

None

Stores Receiving 5-Day Per Week Delivery

Belvidere	Marengo	DeKalb
Rochelle	Polo	Mt. Morris
Dixon		

Stores Receiving 6-Day Per Week Delivery:

Woodstock	McHenry
Fox Lake	Antioch
Kankakee (2 stores)	Wauconda
Pecatonica	Crystal Lake
Wilmington	Zion

- \* (1) Above net unit prices for A & P private label products are related to delivery conditions and co-operative program as set forth on the accompanying schedule.
- (2) Above net unit prices for A & P private label products are subject monthly to any change in the Class I price as such relates to the Class I price of \$3.78 per cwt. indicated above, in accordance with the price change per unit schedule attached. In addition, the above unit prices for A & P private label products are subject to change in connection with changes that occur in the cost of labor and containers.



## GENERAL QUOTATION - A &amp; P PRIVATE LABEL

(Related to the Announced Class I Price Under Federal Order #63)  
of # 3.88 per Cwt.\* Net Price for A & P Private Label Products  
by Type and Method of Delivery

Private Label Products	3-Day		4-Day		5-Day		6-Day	
	Per Week	Drop Delivery	Per Week	Drop Delivery	Per Week	Drop Delivery	Per Week	Drop Delivery
Homo V.D. Milk Gal. Paper	.5468		.5668		.5768		.5868	
Homo V.D. Milk 1/2 Gal. Paper	.2734		.2804		.2884		.2934	
Homo V.D. Milk Quart Paper	.1517		.1567		.1592		.1617	
2% - 1/2 Gal. Paper	.2524		.2624		.2674		.2724	
Vit. Fort. Skim Milk 1/2 Gal. Paper	.2444		.2544		.2594		.2644	
Vit. Fort. Skim Milk Quart Paper	.1252		.1302		.1327		.1352	
Half & Half Pint Paper	.2252		.2302		.2327		.2352	
Chocolate Milk Quart Paper	.1874		.1924		.1949		.1974	
Buttermilk Quart Paper	.1372		.1422		.1447		.1472	
Whipping Cream 1/2 Pint Paper	.2452		.2502		.2527		.2552	

Prices apply to stores in the geographical area subject to the announced Class I Milk prices under Federal Order No. 63, (which Class I Milk prices are not subject to producer "Super Pool" payments) which stores are as follows:

## Stores Receiving 3 Day Per Week Delivery

Geneseo Kewanee Lanark Moline (2 Stores)  
Mt. Carroll Rock Island Savannah Sterling  
Toulon Galesburg (2 Stores) Clinton Davenport (2 Stores)

## Stores Receiving 4 Day, 5 Day or 6 Day Delivery

None.

\* (1) Above net unit prices for A & P private label products are related to delivery conditions and co-operative program as set forth on the accompanying schedule.

(2) Above net unit prices for A & P private label products are subject monthly to any change in the Class I price as such relates to the Class I price of \$3.88 per cwt. indicated above, in accordance with the price change per unit schedule attached. In addition, the above unit prices for private label products are subject to change in connection with changes that occur in the cost of labor and containers.



FORMULA PRICE FOR RAW MILK

	<u>Per Hundred Pounds</u>
Producer Price - 3.5% B.F.	\$ 4.2900
Market Administrator's Fee	.0200
Shrinkage 1%	.0045
Procurement, Bulk Tank Premiums Association Fees, Inner Zone Premiums, etc.	<u>.2500</u>
Total Cost of 3.5% Raw Milk F.O.B. Our Plant	\$ 4.5645
To 3.4% B.F. Finished Product	<u>.0740</u>
Cost of 3.4% Finished Product	\$ 4.4905

MILK COST BY ITEMS

Quart	2.15 pounds x \$4.4905 per cwt.	=	\$ .0966
Half Gallon	4.30 pounds x \$4.4905 per cwt.	=	.1931
Gallon	8.60 pounds x \$4.4905 per cwt.	=	.3862

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Schedule No. 1 - Part 1  
(Zone No. 2)

FORMULA PRICE FOR RAW MILK

	<u>Per Hundred Pounds</u>
Producer Price 3.5% B.F.	\$4.3200
Market Administrator's Fee	.0200
Shrinkage	.0045
Procurement, Bulk Tank Premiums, Association Fees, etc.	<u>.2500</u>
Total Cost of 3.5% Raw Milk	
F.O.B. Our Plant	\$4.5945
To 3.4% B.F. Finished Product	<u>.0700</u>
<u>Cost of 3.4% Finished Product</u>	<u>\$4.5245</u>

MILK COST BY ITEMS

Quarts 2.15 pounds X \$4.5245 per cwt.	= \$ .0973
Half Gallons 4.30 pounds X 4.5245 per cwt.	= .1946
Gallons 8.60 pounds X 4.5245 per cwt.	= .3891

Schedule No. 2 - Part 1  
(Zone No. 3)

FORMULA PRICE FOR RAW MILK

	<u>Per Hundred Pounds</u>
Producer Price 3.5% B.F.	\$4.0000
Market Administrator's Fee	.0200
Shrinkage	.0043
Procurement, Bulk Tank Premium, Association Fees, etc.	<u>.2500</u>
Total Cost of 3.5% Raw Milk	
F.O.B. Our Plant	\$4.2743
To 3.4% B.F. Finished Product	<u>.0700</u>
<u>Cost of 3.4% Finished Product</u>	<u>\$4.2043</u>

MILK COSTS BY ITEMS

Quarts 2.15 pounds X \$4.2043 per cwt.	= \$ .0904
Half Gallons 4.30 pounds X 4.2043 per cwt.	= .1808
Gallons 8.60 pounds X 4.2043 per cwt.	= .3616

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Schedule No. 3 - Part 1.  
(Zone No. 4)

FORMULA PRICE FOR RAW MILK

	<u>Per Hundred Pounds</u>
Producer Price 3.5% B.F.	\$3.7800
Market Administrator's Fee	.0200
Shrinkage	.0041
Procurement, Bulk Tank Premiums, Association Fees, etc.	<u>.2500</u>
Total Cost of 3.5% Raw Milk	
F.O.B. Our Plant	\$4.0541
To 3.4% B.F. Finished Product	<u>.0700</u>
Cost of 3.4% Finished Product	<u>\$3.9841</u>

MILK COSTS BY ITEMS

Quarts 2.15 pounds x \$3.9841 per cwt.	= \$ .0857
Half Gallons 4.30 pounds x 3.9841 per cwt.	= .1713
Gallons 8.60 pounds x 3.9841 per cwt.	= .3426

Schedule No. 4 - Part 1  
(Zone No. 5)

FORMULA PRICE FOR RAW MILK

	<u>Per Hundred Pounds</u>
Producer Price 3.5% B.F.	\$ 3.8800
Market Administrator's Fee	.0200
Milk Foundation and City Health Inspection Fee	.0200
Waste	.0040
Premiums	.1000
Total Cost of 3.5% Raw Milk	
F.O.B. Our Plant	\$ 4.0240
To 3.4% B.F. Finished Product	<u>.0720</u>
<u>Cost of 3.4% Finished Product</u>	<u>\$ 3.9520</u>

MILK COSTS BY ITEMS

Quarts 2.15 pounds X \$3.9520	= \$ .0850
Half Gallons 4.30 pounds x 3.9520	= .1699
Gallons 8.60 pounds X 3.9520	= .3398

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THE BORDEN COMPANY  
Central Division

Price Change Per Unit Schedule

Increase or  
Decrease per CWT.  
in Class I Price

	Resulting Increase or Decrease in Price Per Unit	
	Per Quart	Per Half Gallon
.01	.0002	.0004
.02	.0004	.0008
.03	.0007	.0014
.04	.0009	.0018
.05	.0010	.0020
.06	.0013	.0026
.07	.0015	.0030
.08	.0017	.0034
.09	.0019	.0038
.10	.0021	.0042
.11	.0024	.0048
.12	.0026	.0052
.13	.0028	.0056
.14	.0030	.0060
.15	.0033	.0066
.16	.0035	.0070
.17	.0037	.0074
.18	.0039	.0078
.19	.0041	.0082
.20	.0043	.0086
.21	.0045	.0090
.22	.0048	.0096
.23	.0050	.0100
.24	.0052	.0104
.25	.0054	.0108
.26	.0056	.0112
.27	.0059	.0118
.28	.0061	.0122
.29	.0063	.0126
.30	.0065	.0130
.31	.0067	.0134
.32	.0069	.0138
		.0008
		.0016
		.0028
		.0036
		.0040
		.0052
		.0060
		.0068
		.0076
		.0084
		.0096
		.0104
		.0112
		.0120
		.0132
		.0140
		.0148
		.0156
		.0164
		.0172
		.0180
		.0192
		.0200
		.0208
		.0216
		.0224
		.0236
		.0244
		.0252
		.0260
		.0268
		.0276

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THE BORDEN COMPANY  
Central Division

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Price Change Per Unit Schedule

Increase or  
Decrease per CWT.  
in Class I Price

	Resulting Increase or Decrease in Price Per Unit		
	Per Quart	Per Half Gallon	Per Gallon
.33	.0072	.0144	.0288
.34	.0074	.0148	.0296
.35	.0076	.0152	.0304
.36	.0078	.0156	.0312
.37	.0080	.0160	.0320
.38	.0082	.0164	.0328
.39	.0085	.0170	.0340
.40	.0087	.0174	.0348
.41	.0089	.0178	.0356
.42	.0091	.0182	.0364
.43	.0093	.0186	.0372
.44	.0095	.0190	.0380
.45	.0098	.0196	.0392
.46	.0100	.0200	.0400

Z

8657a

The Borden Company - Central DivisionA & P Private Label Program

The new A & P Private Label milk program is based upon the following mutual understandings and the essentials of this new program are outlined below:

1. Borden personnel will assist in the formulation of this new program.
2. Borden personnel will also assist A & P personnel during the introductory period in the various phases of ordering and rotating of merchandise so that the program will achieve its ultimate sales goals and expectations. (Suggested Bulletins to Supervisors and Store Managers attached.)
3. A complete line of dairy products, as supplied by The Borden Company, should be featured in your dairy case.
4. Deliveries will be on a limited service basis as follows:
  - (a) Stores served on a three-day per week basis will receive one delivery on Monday-Wednesday-Friday or Tuesday-Thursday-Saturday.
  - (b) Stores served on a five-or six-day per week basis will receive one delivery per day.
  - (c) The delivery time to each store will be handled in a manner to effectuate the most efficient delivery schedule.
  - (d) Special deliveries shall not be made except in unusual instances, such as Borden's failure to perform on the advance order.
5. Deliveries at the store level shall be handled in the following manner:
  - (a) To the receiving door of the store.
  - (b) To a designated place on the receiving platform.
  - (c) To a refrigerated storage box that can be entered directly from a platform or ground level location and into which dairy products can be conveniently stocked.
  - (d) If dairy products are delivered to a refrigerated storage box, adequate storage space shall be provided so that proper rotation of carry-over merchandise can be handled by store personnel.
  - (e) Empty milk cases and bottles shall be placed at a designated point for easy accessibility and pickup.

#### 6. Ordering of Products.

- (a) Advance order delivery tickets shall be supplied by The Borden Company.
- (b) Advance order tickets for the following delivery shall be completed for presentation to the Borden driver at time of delivery.

#### 7. Code Dates.

- (a) Products are clearly coded on the gable of the milk items and on the bottom of all bucket products.
- (b) All products are coded with an expiration date.
- (c) Code date expirations shall be explained in the Chicago Unit Office and at local levels.

#### 8. Credit for Product Returns.

- (a) Credit for product returns shall be only on the basis of faulty containers or product remaining within code date.

9. Borden's will not be obligated to furnish any merchandising materials, price promotions, demonstrators, or special displays on A & P labelled products under this program.

10. Borden salesmen's services will be supplied at the store level only, to follow through on a complaint covering such matters as service, product, or container.

Suggestion forBULLETIN NO. I

ATTENTION STORE NO. \_\_\_\_\_

TO: SUPERVISORS AND STORE MANAGERS

Your store will be serviced with A & P labeled milk products by The Borden Company on a drop shipment delivery basis.

The essentials of this new purchasing arrangement are as follows:

1. Limited deliveries.
2. No returns.
3. No service in regard to rotation, stocking, etc.
4. Pre-order of merchandise.

We will advise you shortly of the requirements of ordering and handling of milk products under this new program and of our arrangements with Borden's.

The Borden Company will soon hold a series of meetings to explain to you the coordination of deliveries and to evaluate your physical set-up. The new pre-order system and control guide will help you obtain a pattern in regard to your requirements. These things must be covered in order that you may sensibly pre-order merchandise from the above supplier for your store's needs.

Please give these people your utmost cooperation. We recommend that you fully explain these procedures to your Assistant Manager, Dairy Department Head, or someone responsible for the operation and the ordering of dairy products. The new aspects of this system should be thoroughly understood and followed by members of your organization.

We will advise you shortly in regard to items and procedures and other details.

BULLETIN NO. II

ATTENTION STORE NO. \_\_\_\_\_

TO: SUPERVISORS AND STORE MANAGERS

The new A & P private label milk delivery program has now been worked out, and deliveries to your stores will start on Monday \_\_\_\_\_. With this new program, we will be getting maximum benefits from the fast moving dairy items and it will be to our advantage for you to work with your supplier to handle this properly in order that we may all be successful in this venture.

Deliveries will be made on a limited service basis as follows:

- (a) Stores served on a three day per week basis will receive one delivery on Monday-Wednesday-Friday or Tuesday-Thursday-Saturday.
- (b) Stores served on a five or six day per week basis will receive one delivery per day.
- (c) Special deliveries shall not be made except the failure of Borden's to perform on the advance order.

Deliveries at the store level shall be handled in the following manner:

- (a) To the receiving door of the store.
- (b) To a designated place on the receiving platform.
- (c) To a refrigerated storage box that can be entered directly from a platform or ground level location and into which dairy products can be conveniently stocked.
- (d) If dairy products are delivered to a refrigerated storage box, adequate storage space shall be provided so that proper rotation of carry-over merchandise can be handled by store personnel.
- (e) Empty milk cases and bottles shall be placed at a designated point for easy accessibility and pick-up.

Ordering of Products

- (a) Pre-order forms will be furnished to you by The Borden Company.
- (b) This order must be completed and be available in the cooler at the time of the delivery for the driver to pick up.

Example: On three day delivery -- Monday delivery, pick up order for Wednesday. Wednesday delivery, pick up order for Friday. Friday delivery, pick up order for Monday, etc.

On the five or six day delivery schedule, the order again must be completed and available in the cooler for the following day's delivery.

Please follow instructions in order that we may have no inconvenience or unnecessary expense by orders not being available as outlined above.

In all cases, order changes will not be accepted since they can be adjusted on the following day's order.

We recommend you try, whenever possible, to order merchandise in even cases. This may not be possible in smaller volume stores.

As always in the use of your order form, you must take into consideration your meat feature, the week-end pay days, 15th and 1st of the month, holidays, individual store promotions on dairy features, and consult your past order forms and inventories.

All products are under a "no return" basis and the only exception will be for manufacturing defects. Please use care.

#### Codes

- (a) Products are clearly coded on the gable of the milk items and on the bottom of all bucket products.
- (b) All products are coded with an expiration date.
- (c) Code date expiration shall be explained to you at future meetings.
- (d) Please check code dates daily and rotate. There will be no services offered in regard to rotation and checking by the supplier. Do not make the customer unhappy by having old products in the case due to lack of attention to this operation.

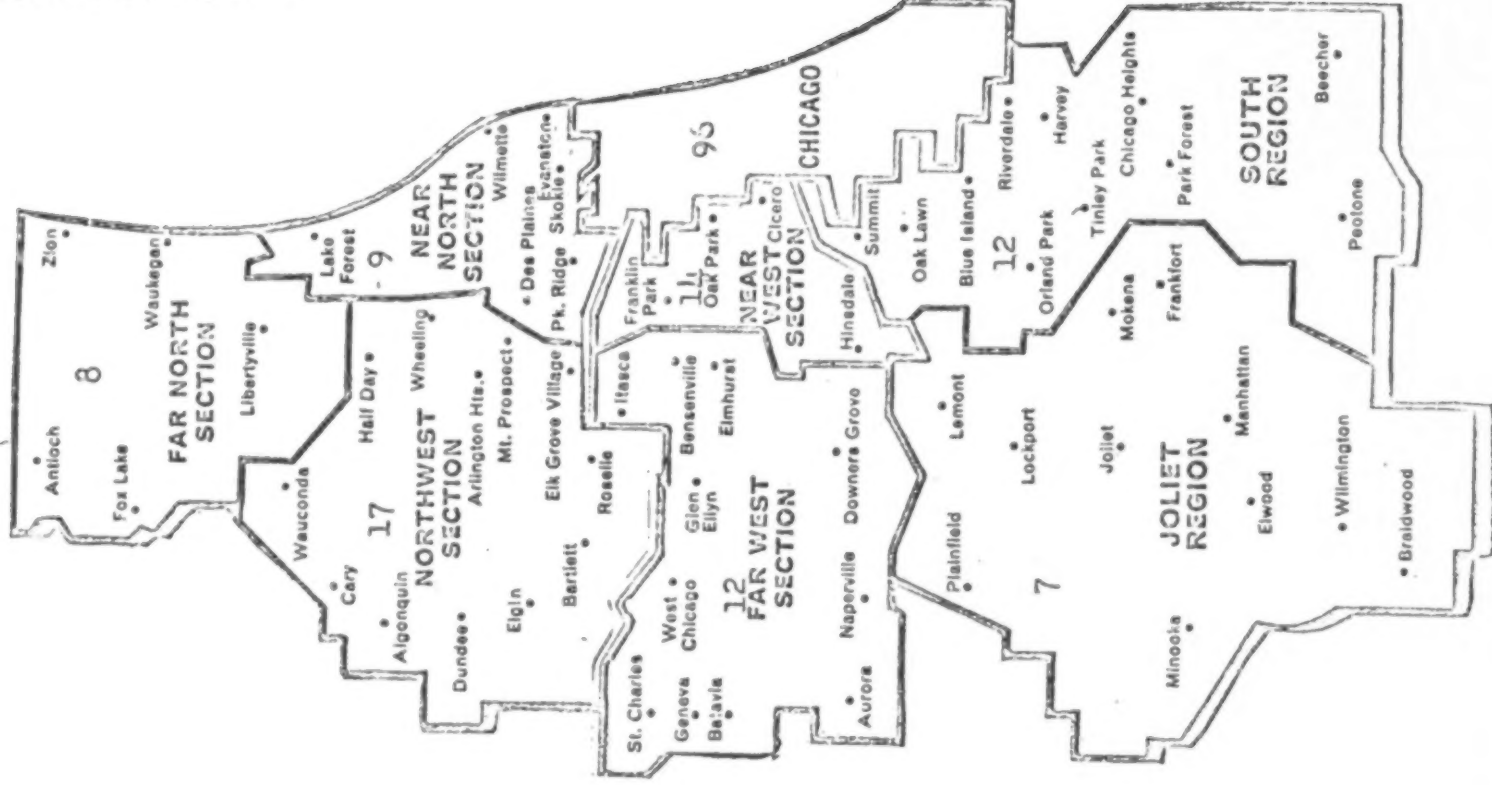
For those stores who are presently on a three day drop delivery method, this should be nothing new for you. It might be well, however, to again review all of the procedures in the ordering and handling of dairy products.

We sincerely believe that this new milk program is another stride forward for our company and you will be able to achieve your ultimate sales goals and expectations.



METROPOLITAN CHICAGO AREA

<u>SECTION</u>	<u>STORES</u>
Far North	8
Near North	17
Northwest	9
Far West	12
Near West	14
Joliet	7
South	12
Chicago	96
<b>Total</b>	<b>175</b>





STORES IN  
METROPOLITAN CHICAGO AREA

FAR NORTH REGION		NEAR NORTH REGION		NORTHWEST REGION	
ANTIQUH	1	DES PLAINES	1	ARLINGTON HTS.	2
FOX LAKE	1	EVANSTON	4	BARRINGTON	1
LIBERTYVILLE	1	GLENVIEW	1	DUNDEE	1
MUNDELEIN	1	HIGHLAND PARK	1	ELGIN	1
WAUKEGAN	3	HIGHWOOD	1	MT. PROSPECT	1
ZION	1	LAKE BLUFF	1	PALATINE	1
		LAKE FOREST	1	SCHUMBURG	1
		NILES	1	WAUCONDA	1
		NORTHEROOK	1		
		PARK RIDGE	1		
		SKOKIE	2		
		WILMETTE	1		
		WINNETKA	1		
TOTAL	<u>8</u>	TOTAL	<u>17</u>	TOTAL	<u>9</u>
NEAR WEST REGION		FAR WEST REGION		JOLIET REGION	
BERWYN	2	AURORA	2	JOLIET	6
BROOKFIELD	1	BATAVIA	1	LOCKPORT	1
CICERO	3	BENSENVILLE	1		
FRANKLIN PARK	1	DOWNERS GROVE	1		
LA GRANGE	1	ELMHURST	1		
MAYWOOD	1	GLEN ELLYN	1		
NORRIDGE	1	LOMBARD	1		
OAK PARK	3	NAPERVILLE	1		
WESTERN SPRINGS	1	ST. CHARLES	1		
		VILLA PARK	1		
		WHEATON	1		
TOTAL	<u>14</u>	TOTAL	<u>12</u>	TOTAL	<u>7</u>
SOUTH REGION				CITY OF CHICAGO REGION	
BLUE ISLAND	1				
CHICAGO HTS.	2				
CHICAGO RIDGE	1				
DOLTON	1				
EVERGREEN PARK	1				
HARVEY	1				
HOMewood	1				
MIDLOTHIAN	1				
OAK LAWN	1				
RICHTON PARK	1				
SUMMIT	1				
TOTAL	<u>12</u>			TOTAL	<u>96</u>

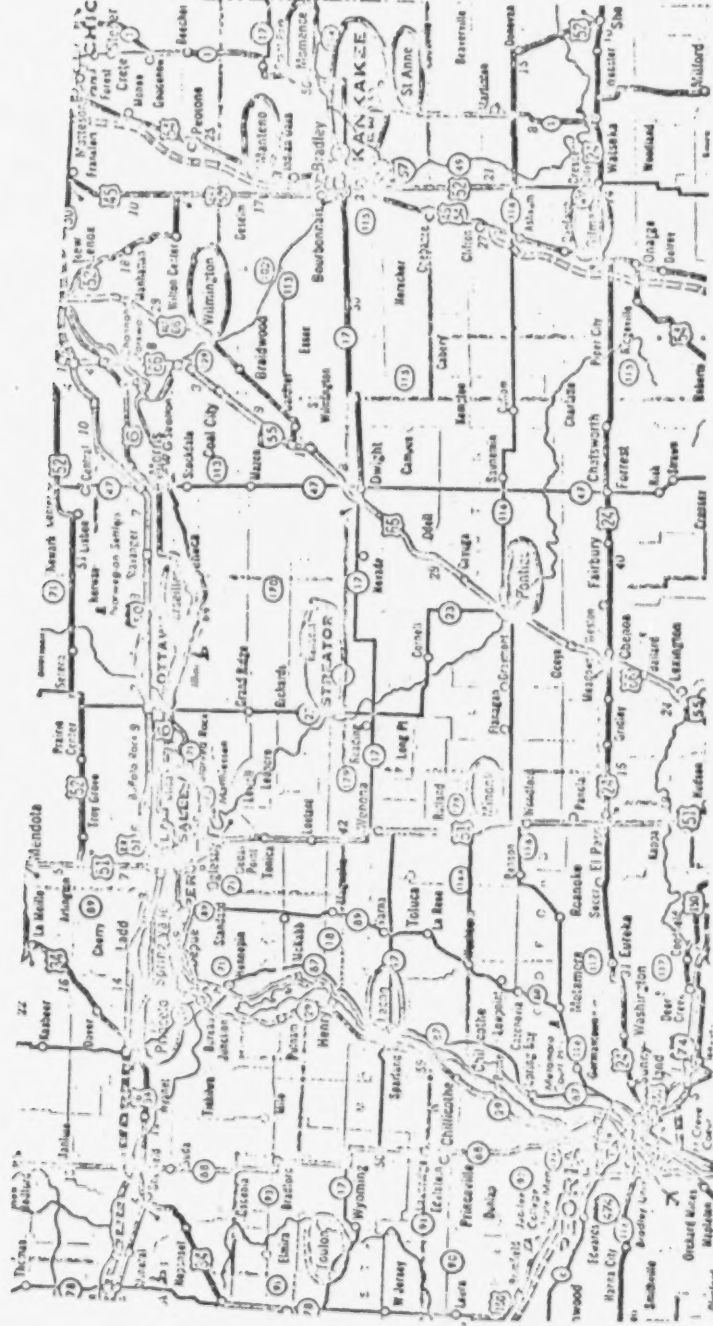
# STORES IN NORTHWESTERN ILLINOIS

Crystal Lake	1
Warren	1
Freeport	1
Pecatonica	1
Rockford	5
Loves Park	1
Belvidere	1
Marengo	1
Woodstock	1
McHenry	1
Mt. Carroll	1
Lanark	1
Mt. Morris	1
Polo	1
Sterling	1
Dixon	1
Rochelle	1
Dekalb	1
Mendota	1
Sandwich	1
Total	<u>24</u>



Gilman  
Kankakee  
Manteno  
LaSalle  
Ottawa  
Pontiac  
Streator  
Mokena  
Wilmington  
Marseilles  
Minonk  
St. Anne  
Toulon  
Lacon  
Spring Valley  
Princeton

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36 - 3/31/65

877a

EXHIBIT B

NET PRICES-INDIANA AREA  
STORE SERVICE THREE DAYS WEEKLY

	SCHEDULE 1 DIRECT COST FOB CHICAGO AREA PLANT	MARKUP	NET PRICE AT CHICAGO AREA PLANT	DIRECT VANNING COST TO SALES AREA	Direct Cost of delivery per point	Commission	NET DELIVERED PRICE-THREE DAYS WEEKLY
1. HO. J. V.D.	.1302	.0081	.1383	.0055	.0134	.0052	.1624
GAL. HOMO. V.D. (GLASS)	.2391	.0119	.2509	.0112	.0268	.0104	.2993
GAL. HOMO. V.D. (FIBER)	.1802	.0252	.4654	.0321	.0536	.0208	.5719
1. HOMO. V.D. - GLASS	.1828	.0141	.5019	.0321	.0536	.0208	.5984
2. HOMO. V.D. - FIBER	.2385	.0225	.2662	.0061	.0134	.0052	.2907
3. SOUND HALF & HALF	.2014	.0150	.2164	.0061	.0134	.0052	.2401
4. HALF & HALF							
5. RICH CREAM							
6. RICH CREAM							
7. RICH CREAM							
8. WHIP CREAM							
9. WHIP CREAM	.2083	.0180	.2263	.0020	.0134	.0052	.2469
10. WHIP DISPENSER	.2742	.0353	.3095	.0220	.0134	.0052	.3301
11. WHIP DISPENSER	.1405	.0178	.4253	.0020	.0134	.0052	.4459
12. WHIP - FTS	.1445	.0109	.1554	.0031	.0134	.0052	.1771
13. SOUR CREAM	.3001	.0325	.3376	.0183	.0268	.0104	.3931
14. SOUR CREAM	.1486	.0250	.1736	.0112	.0134	.0052	.2039
15. BUTTERMILK	.2259	.0250	.2509	.0112	.0268	.0104	.2903
16. BUTTERMILK	.1003	.0116	.1159	.0055	.0134	.0052	.1400
17. BUTTERMILK	.1617	.0110	.1767	.0055	.0134	.0052	.2004
18. BUTTERMILK	.0591	.0055	.0686	.0020	.0034	.0013	.0753
19. BUTTERMILK	.2131	.0055	.2381	.0112	.0268	.0104	.2865
20. BUTTERMILK	.1153	.0055	.1319	.0055	.0134	.0052	.1560
21. BUTTERMILK	.2106	.0211	.2317	.0112	.0268	.0104	.2801
22. BUTTERMILK	.1425	.0206	.1431	.0020	.0134	.0052	.1637
23. BUTTERMILK	.2458	.0245	.2503	.0020	.0134	.0052	.2709

CLASS I PRICE - 4.32 per CWT.



## INDIANA STORES

## WEST

Whiting  
Hammond  
Munster  
E. Chicago  
Gary  
Michigan City  
Portage  
Hobart  
Valparaiso  
Chesterton

## EAST

North Judson  
La Porte  
Walkerton  
Knox  
South Bend  
Culver  
Mishawaka  
Elkhart  
Goshen

18

17



BOWMAN DAIRY COMPANY PRICES, ON FILE WITH THE IOWA MILK COMMISSION

879a

LIST	PRICE			NET PRICE	
	COMPANY BRAND	PRIVATE LABEL		COMPANY BRAND	PRIVATE LABEL
QTS. HOMO. V.D.	.25	.2425		.1850	.1745
1/2 GAL. HOMO. V.D. (GLASS)					
1/2 GAL. HOMO. V.D. (FIBER)	.45	.4350		.3330	.3219
GAL. HOMO. V.D. - GLASS	.80			.5920	
GAL. HOMO. V.D. - FIBER	.90	.87		.6660	.6450
QTS. BOW-CAL					
PTS. SOURED HALF & HALF	.44			.3256	
PTS. HALF & HALF	.35			.2590	
QTS. RICH CREAM					
PTS. RICH CREAM					
1/2 PT. RICH CREAM					
QTS. WHIP CREAM					
1/2 PT. WHIP CREAM	.40	.39		.2960	.2886
"QUICK-WHIP" DISPENSER					
"REDDI WIP" DISPENSER					
GALS. 2% - FIBER	.84	.81		.6216	.5994
PTS. SOUR CREAM	.55			.4070	
1/2 PTS. SOUR CREAM	.31			.2295	
1/2 GAL. BUTTERMILK		.445			.3213
QTS. BUTTERMILK	.255	.2475		.1887	.1883
QTS. DARI-RICH - WHOLE MILK	.285	.2775		.2109	.2059
1/2 PTS. DARI-RICH CARRY PACK					
1/2 PTS. CHOCOLATE SHAKE					
1/2 GAL. STA-FIT	.395	.38		.2925	.2812
QT. STA-FIT	.23	.225		.1702	.1625
1/2 GAL. 2%	.42	.405		.3108	.2997
YOGURT (Plain & Strawberry)	.255			.1887	
Sauces Dip					
1/2 GAL. Fruit DR	.37			.2738	
QTS. STRAWBERRY DRINK					
PKGS. CREAM COTTAGE CHEESE - 8 OZ.					
PKGS. CREAM COTT. CHS. - 16 OZ.					
PKGS. CREAM COTT. CHS. - 32 OZ.					
PKGS. CHIVE COTT. CHS. - 16 OZ.					
PKGS. PINEAPPLE COTT. CHS. 16 OZ.					
PKGS. BAKERS COTT. CHS. - 16 OZ.					
SNACK DIP 8 OZ.					
1/2 GAL. FRUIT DRINKS					

MILK ORDER PRICE  
SOLD AT

4.27 CIV  
.10

STORES IN  
IOWA REGION

Independence	1
Dyersville	1
Cedar Rapids	1
Clinton	1
Davenport	2
Dubuque	2
Moline, Ill.	2
Waterloo	2
Cedar Falls	1
Savanna, Ill.	1
Rock Island, Ill.	1
Iowa City	1
Geneseo, Ill.	1
Galesburg	2
Total	<u>21</u>



Interest Refunds Received from Borden Company  
By Wilco Food Center During Selected Time Periods

<u>Date Received</u>	<u>Applicable to Month of</u>	<u>Amount</u>
10/16/66	October 1966	\$32.00
11/27/66	November 1966	31.50
1/4/67	December 1966	31.00
1/21/67	January 1967	30.50
3/2/67	February 1967	20.50
3/29/67	March 1967	28.50
10 Months Period Ending 3/31/70	-	-0-

Source: RAFX 24-28.

CX290

882a

THE BORDEN COMPANY  
CHICAGO METROPOLITAN REGION  
1821 S. KILBOURN AVENUE  
CHICAGO, ILLINOIS 60623

AREA CODE 312 CRAWFORD 7-6400

October 1, 1965

Mr. E. R. Schmidt  
The Great A & P Tea Company  
2622 N. Pulaski Avenue  
Chicago, Illinois

Dear Mr. Schmidt:

You have our price quotations dated September 21, 1965 for milk, cream and other dairy products for several areas in Indiana and Illinois. We wish to assure you that our prices are proper under applicable law and we are prepared to defend these prices.

We appreciate your patronage.

Sincerely,

THE BORDEN COMPANY  
Chicago Metropolitan Region

*J. G. Tarr*

J. G. Tarr, Sales Manager  
Chain Store Sales

RAPX 2

~~RXAPX 2~~

XID 3 SA 6



1 Q And do you recall who it was that interviewed you?

2 A Yes, Mr. Palewicz.

3 Q And were stenographic notes taken of that interview?

4 A There was.

5 MR. MC INERNEY: Are those the notes he had  
6 introduced to us, Mr. Mathias?

7 MR. MATHIAS: Yes.

8 By Mr. Mathias:

9 Q Was there any prior interview of you by anyone on  
10 behalf of the Federal Trade Commission?

11 A No.

12 Q Now, Mr. Tarr, in giving your final quotation to A&P  
13 for private label milk, did you feel that you  
14 actually had to meet the competitor's quote, the competitive  
15 quote?

16 A No.

17 Q Or only come close to it?

18 A Only close to it.

19 Q Was it your feeling and your belief that the Darden  
20 offer would have been accepted by A&P at a slightly higher  
21 price than the competitive quote?

22 A Yes, I believe that's true.

23 Q Now, when you made this final quotation, and when I  
24 speak of "final quotation," I mean the \$220,000 saving  
25 offer, prior to your making that offer, did Mr. Schaidt in

RAPX 7A



any way suggest to you what your quotation should be?

A No.

Q When you gave that final quotation to Mr. Schmidt at that time or thereafter, did he tell you that you had actually met the competitor's price?

A Not -- no, he never said that.

Q Did you ask Mr. Schmidt what the competitive offer was?

A No.

Q And did he volunteer that information to you?

A No, never.

Q You never received that information?

A No. Don't know now.

Q Did you ask who the competitive bidder was?

A No.

Q And he didn't tell you that either?

A No.

Q Did you ask him whether the price that Borden was quoting was above the competitor's price or below the competitor's price?

A No.

Q Or precisely at the competitor's price?

A No.

Q You didn't ask him any of those things?

A No.

B

1 Q And he didn't volunteer any of that information?

2 A No, he didn't.

3 Q In any of your discussions with anyone on behalf of  
4 A&P, or any discussion at which you were present and anyone  
5 representing A&P was present, was the Robinson-Patman Act  
6 ever mentioned?

7 A Never.

8 Q Did you or anyone in your presence ever inform anyone  
9 from A&P or ever mention to anyone from A&P that the \$820,000  
10 saving offer was not cost justified?

11 A No.

12 Q Throughout these private label negotiations with A&P,  
13 did Elmer Schmidt or anyone from A&P make any  
14 misstatement to you or mislead you in any way?

15 A No.

16 Q Do you consider Mr. Schmidt to be an honest and  
17 truthful man?

18 A Yes.

19 Q Now, yesterday, at Page 497 of your testimony, you  
20 said in part, Line 7:

21 "You see, we couldn't operate in an area and  
22 someone else would be way under us, neither could we  
23 raise the price, neither could we go way under anyone  
24 else, because that would ruin the market too."

25 Now, my question is, wasn't it perfectly normal

C

business practice for you to meet competitors' prices?

A Yes, by the dairy industry, it's the same way.

MR. MC INERNEY: We have no further questions at this time, your Honor, until we get the documentary production that we have asked for.

HEARING EXAMINER SCHUPP: You are talking now about both the subpoena directed to the Secretary of the Commission and your application for the proposed subpoena relating to the testimony on the depositions?

MR. MC INERNEY: That's right, your Honor.

HEARING EXAMINER SCHUPP: Well, of course, in the order I have stated I think the matter of the subpoena directed to the Secretary of the Commission is premature, and that will be taken up during the pre-hearing conference, and it may eventually prove to be moot. It has in several cases I have had.

MR. MC INERNEY: Your Honor, of course, knows our position that the deposition is premature instead.

HEARING EXAMINER SCHUPP: I understand your position.

MR. MC INERNEY: Thank you.

HEARING EXAMINER SCHUPP: I gave consideration to it. I don't propose to change my ruling now.

Now, on your application for the subpoena duces tecum to Borden, I don't know how complete this voluntary return was

D

1 and that's a matter, of course, that will be taken up again  
2 at the pre-hearing conference. There's nothing that can  
3 be done about that today, and that will -- that may  
4 eventually prove to be moot. We don't know.

5 So that takes care of this situation so far  
6 except for the possibility of -- I don't say the possibility,  
7 the probability of redirect examination.

8 MR. MATHIAS: Could we have just a few minutes'  
9 break, your Honor?

10 HEARING EXAMINER SCHRUP: Very well.

11 MR. MATHIAS: So we can take a look at the  
12 record.

13 HEARING EXAMINER SCHRUP: Off the record.  
14  
15 (A short recess was taken.)  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
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ELM.

HEARING EXAMINER SCHROF: Back on the record,

Proceed, Mr. Mathias.

## REDIRECT EXAMINATION

By Mr. Mathias:

Q Mr. Terr, at your meeting with Mr. Schmidt in early September, when he first informed you of the receipt of a competitive offer, did you make any attempt to determine the amount of the competitive offer that you were going to have to meet?

A I never asked him in that way or anything. I can't remember exactly what was said. Of course, I would have liked to have known.

Q Did you ask for any clues?

A I didn't ask any clues, no, but I kind of hoped that maybe he'd throw something out.

Q Well, did you carry on a conversation with him attempting to get some clues as to the area of the competitive bid?

A Well, not precisely that way. I was kind of hoping in the course of conversation something might come out. I kept talking and so did he.

Q How did you do this?

A I can't remember just what I said. I can't -- way back there I can't remember. But I was hoping that there would be

F

Q Did you do some fishing with Mr. Schmidt and try --

MR. MC INERNEY: Object to the form.

THE WITNESS: Well, no, the only thing --

HEARING EXAMINER SCHRUP: I'll let him answer.

MR. WHITE: There is an objection.

HEARING EXAMINER SCHRUP: Well, you understand what he means by the term "fishing"?

THE WITNESS: What was that?

HEARING EXAMINER SCHRUP: Do you know what counsel means by the term "fishing"?

THE WITNESS: Yes.

HEARING EXAMINER SCHRUP: You may answer.

THE WITNESS: I might have tried a little fishing, but I don't remember what I said or anything. There was nothing mentioned at all by me that -- like, "Elmer, can you tell me what the bid was or give me some clue of the thing," or anything like that. And neither did he volunteer anything. The only thing that ever made anything was when he said the \$50,000 wasn't a drop in the bucket. If you remember, I testified as to that.

By Mr. Mathias:

Q Mr. Elmer, I would like to show you the purported transcript of your statement to Mr. Palevitz on December 30, 1969, Pages 440 and 441, and ask you to read these two pages to me if these refresh your recollection as to some



of the events at this early September meeting with  
Mr. Schmidt.

HEARING EXAMINER SCHURP: Mr. Mathias, has  
this transcript been previously furnished to counsel  
for Borden and counsel for A&P?

MR. MATHIAS: Yes, it has, sir.

MR. MC INERNEY: Yes, sir.

THE WITNESS: Well, that's correct. He did,  
as I said before, he did mention Wanger and Borman, but  
he didn't say there were bids. I changed the thing down  
here, you remember.

By Mr. Mathias:

Q Now, I'm not asking you to testify as to anything that  
is written on these particular pages. All I wanted you to  
do is refresh your memory as to that particular day.

A I did a little, I said I did a little fishing.

HEARING EXAMINER SCHURP: What's the date of  
that transcript?

THE WITNESS: But I don't remember what was  
said on that thing. There wasn't anything definitely --

HEARING EXAMINER SCHURP: What is the date?

MR. MATHIAS: December 30, 1969. It's about  
two years ago.

By Mr. Mathias:

Q Well, this is exactly what I mean, Mr. Tarr. I didn't

H

mean you necessarily put a straight question to him. You did make some attempt to determine how far Bowden had to go in order to meet competitive offers?

A All I did was a lot of talking and hopeful that somewhere along the line, why, he would say something besides the \$50,000. But that was one of the things, the only thing that he actually said that gave us any clue whatsoever.

But I did in my conversation, when I said I was fishing, I was trying to keep the conversation going, hopefully that something in the course of it would bring out the thing. But as far as any direct question or anything that would apply to that, that I didn't.

HEARING EXAMINER SCHRUP: I think I can understand your position. You consider this as a very important customer?

THE WITNESS: Yes.

HEARING EXAMINER SCHRUP: And you were rather walking on eggshells, is that it?

THE WITNESS: That's right. I knew I shouldn't ask him and I didn't. But I thought, you know, I thought maybe something would occur, he would drop some hint. And the \$50,000 I thought was a hint, of course. In fact, it wasn't, it was a direct thing. But so vague, the \$50,000 wasn't a drop in the bucket meant that it was an awful lot

I

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more than \$50,000, an awful lot more.

MR. MATHIAS: I have no more questions, your Honor.

HEARING EXAMINER SCHRUP: Anything further from you gentlemen?

MR. WHITE: I have no further questions.

HEARING EXAMINER SCHRUP: Mr. McInerney?

MR. MC INERNEY: No, sir.

HEARING EXAMINER SCHRUP: You are excused, Mr. Tarr.

(Witness excused.)

MR. MATHIAS: Your Honor, I had requested Mr. Braun to have Mr. Malone here at 10:00. However, he said he could not do that, so he'd be here at 10:30. So I'm afraid we'll have to take a half hour adjournment.

HEARING EXAMINER SCHRUP: Rather than adjourn, I had mentioned -- I don't think you heard -- I mentioned to counsel for A&P and counsel for Forden that this would probably be a good time to discuss the timing of the first pre-hearing conference.

I don't think we need this on the record. We'll take a recess now until 10:30.

(Recess taken.)

HEARING EXAMINER SCHRUP: Back on the record.

Do you have a further deponent, Mr. Mathias?

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RAPX 16

THE BORDEN COMPANY

IOWA-CENTRAL ILLINOIS REGION

400 SIXTEENTH STREET

ROCK ISLAND ILLINOIS 61201

REGION OFFICE

August 3, 1967

Mr. D. R. Nelson  
The Great Atlantic & Pacific Tea Company  
Middlewestern Division  
P. O. Box 419,  
St. Louis, Missouri 63166

Dear Mr. Nelson:

We have attached schedule of prices in connection with deliveries to stores located in Hannibal, Louisiana, Dowling Green, Mexico, Jefferson City, Columbus and Kirksville.

These prices are based upon the terms and conditions as set forth and made a part of the price schedule attached. If you accept this proposal it will be necessary for Borden to secure a license for the Pekin, Illinois plant under the Missouri law. However, we expect no complications in respect to this detail. These prices, in our opinion, are proper under applicable law.

We thank you for the further opportunity to serve you.

Sincerely,

*W. N. Waters*  
W. N. Waters

WNW:ar

cc: W. K. Schools

S. W. Foss, Jr.

RAPX 16

894a THE BORDEN COMPANY  
IOWA-CENTRAL ILLINOIS REGION  
400 SIXTEENTH STREET  
ROCK ISLAND ILLINOIS 61201

RAPX17

REGION OFFICE

August 8, 1967

Mr. D. R. Nelson  
The Great Atlantic & Pacific Tea Company  
Middlewestern Division  
P. O. Box 419,  
St. Louis, Missouri 63166

Dear Mr. Nelson:

In my letter of August 3rd I made the statement that the prices we quoted to you in that letter are, in our opinion, proper under applicable law. You may rest assured that when I made this statement we were fully acquainted with the requirements of the Robinson-Patman Act and the problem of availability. It was my intention in the August 3 letter in my succinct statement that the prices were proper under applicable law to cover any implications that may be required as to availability under the Robinson-Patman Act.

Sincerely,

*W. N. Waterstreet*  
W. N. Waterstreet

WNV:ar  
cc: Wm. School's

32 RAPX-17



895a THE BORDEN COMPANY  
IOWA-CENTRAL ILLINOIS REGION  
400 SIXTEENTH STREET  
ROCK ISLAND ILLINOIS 61201

REGION OFFICE

Mr. D. R. Nelson  
The Great Atlantic & Pacific Tea Co.  
Middlewestern Division  
P. O. Box 419  
St. Louis, Missouri 63166

Dear Mr. Nelson:

September 2, 1967

We are pleased to submit and have attached a schedule of prices, per Schedule No. 1 which sets forth on the form provided the net prices covering the various milk products as requested.

The net prices as set forth represent milk products packaged under the A & P label at Borden's plant located at 231 Elizabeth Street, Pekin, Illinois and delivered on a three (3) day basis to your St. Louis area stores via a licensed contract carrier. The delivery charge as set forth represents the proposal of a licensed contract carrier, such proposal; however, being contingent upon such contract carrier's ability to secure necessary permits upon authorities. In this regard the carrier will require a reasonable period of time to accomplish same.

These prices are subject to terms and conditions set forth on Schedule No. 2 - Terms and Conditions; Schedule No. 3 - Schedule of Butterfat and Ingredient Standards; Schedule No. 4 - Price Adjustment Schedule; Schedule No. 5 - Delivery Cost Adjustment Schedule; and Schedule No. 6 - Borden Case Packing Specifications.

Schedule No. 4 - Price Adjustment Schedule provides for the automatic adjustments in prices covering changes, up or down, in the Pekin, Illinois Class I Federal Order price, plus fees and premiums, as such price relates to the raw milk cost per hundred-weight as set forth on Schedule No. 1.

Schedule No. 5 - Delivery Cost Adjustment Schedule provides for the automatic adjustment in prices where the "volume ordered for delivery to your stores is less than the considered efficient trailer load volume of 530 cases or 12,720 points on which the delivery cost factor of \$.0143 per point has been based." This volume is also related to a eight (8) store group, and we believe that a scheduling program can be developed in this regard to bring about the optimum cost results desired.

In the event this proposal is accepted, it will be necessary for Borden's to secure permits from the St. Louis City and County Health Departments; and we expect no complications in this regard.

50  
RAC



Mr. D. R. Nelson

896a 2

September 2, 1967

Also as previously indicated, the contract carrier effecting delivery will have to secure the necessary approvals from the required sources involved.

These prices in our opinion are proper under applicable law.

We thank you for the opportunity to serve you.

Sincerely,

*W. N. Waterstreet*  
W. N. Waterstreet

WNW:ij

Encl.

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JAYP X 186

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CONFIDENTIAL

PROPOSALS

Construction of New Plants and  
Branch Facilities at Chicago to  
Replace Existing Plants and Branch  
Facilities at Chicago, Illinois and  
Hammond, Indiana

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Section No. 1

Summary Data  
Pages 1 - 3

Section No. 2

Outline of Project  
Pages 4 - 8

Section No. 3

Facts About Investment  
Pages 9 - 12

Section No. 4

Total Annual Savings  
Page 13

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Raw Milk Savings  
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Labor Savings  
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Increased Transportation Costs  
Pages 20 - 21

Section No. 8

Other Cost Savings  
Pages 22 - 23

Section No. 9

Non-Recurring Costs  
Page 24

Section No. 10

Equipment Detail  
Pages 25 - 27

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Section No. 1Summary of Capital Requirements andSavings Resulting from the ConstructionOf a New Milk Plant and Necessary DistributingFacilities to Replace the Tripp Avenue - Irving ParkPlant and Branch and the Hammond Plant and BranchWhere Will The Plant Be Located

Because of the saving that can be realized by direct farm tank raw milk deliveries to a processing plant, located in the heart of the milk production shed, this new milk plant will be in the Federal Order #30 70 mile zone, approximately that distance from downtown Chicago.

Savings To Be Realized

Total annual savings that will be realized after expected economics are effectuated - \$1,512,500.

Where These Savings Come From

Raw Product Costs	\$ 505,962
Manpower resulting from full mechanization in processing and material handling	1,068,363
All Other Economies	<u>207,518</u>
Gross Annual Savings	1,781,843
Less - Increased Transportation Costs	<u>269,343</u>
Total Net Savings	\$1,512,500

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Capital Requirements

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	Land	Buildings	Machinery & Equipment	Total
Tripp - Irving Park	\$175,000	\$2,484,000	\$2,342,553	\$5,001,553
Hammond	30,000	197,000	20,000	247,000
Total Cap. Required	205,000	2,681,000	2,362,553	5,248,553
Present equipment that will be used in new plant			50,276	50,276
Total capital in new facilities				\$5,298,829

Estimated Dec. 31, 1964 value of present properties to be sold or disposed of or used in other plants

(1) 3,188,149

Net increase in book value of these facilities after disposition of present non-usable properties & equipment

Before tax return on initial capital requirement

\$2,110,680

28.8%

Before tax return on net increased employed capital after disposal of present and non-usable property and equipment

207 860  
229 738 71.6%

250  
205  
45  
491.800

207 860  
229 738  
46 512

- 1) These remaining values as of December 31, 1964 do not consider the further reduction in machinery and equipment values occasioned by our double declining depreciation, which became effective on machinery and equipment items purchased, beginning January 1, 1954.

## SAVING. P13

04

PLANT IN COUNTRY LAND  
ADD. HAMMOND'S VOL.

82045  
1825,000  
124,000

EQUIPT  
2,151,553  
146,000

TOTAL  
4,076,553  
270,000

TOTALS FOR COUNTRY PL

2,100,000 5,174,000

2,277,553

4,346,553

LAND ACQ. (South Side Branch)  
Irving Park Branch

LEASE  
25000  
175000

230000

20000

250000

HAMMOND BL.  
TOTAL EXP  
Present Asset  
minus

30000  
205000  
251700  
646700

2681000  
3766838  
714169

2362553  
769612  
1593213

247000  
5248553  
3188149  
2110000

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Section No. 2

Outline of Project and Considerations  
Relating to Construction of New Plant  
and Branches at Chicago, Illinois

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Disposition of Present Properties, Machinery & Equipment

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Buildings, land and building equipment that will be transferred to Real Estate Dept.

\$2, 218, 535

Machinery and equipment we will use in new plant

50, 276

Machinery and equipment we can use in other Central Division plants

639, 228

Machinery and equipment not usable in our Division but in good condition and available for transfer to other Borden operations or will be sold

251, 381

Machinery and equipment to be scrapped

28, 729

Estimated December 31, 1964 net depreciated values of all disposable and usable properties, machinery and equipment

\$3, 188, 149

Reduction In Manpower-

	<u>Present</u>	<u>Remaining</u>	<u>Reduction</u>
Chicago - Processing	193	128	65
Chicago - Route Loaders	40	28	12
Hammond - Processing	54	18	36
Hammond - Route Loaders	7	5	<u>2</u>
			115

Points Produced (1961)

189, 458, 940

Estimated annual points that will be produced in new plant

198, 500, 000

Processing and material handling cost saving per point

.00507

Raw product cost saving per point

.00255

Total saving per point of milk produced

.00762

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PROPOSED NEW MILK PLANT AND DISTRIBUTION BRANCHES  
TO REPLACE THE CHICAGO TRIPP AVENUE MILK PLANT  
AND THE HAMMOND, INDIANA, MILK PLANT, AND  
CERTAIN DISTRIBUTING BRANCHES

---

The present Tripp Avenue plant and Irving Park distribution branch are located in the northwestern part of Chicago. This large plant and branch complex has developed over the years from an original Wieland Dairy Company plant which was acquired by The Borden Company in 1928. The original small plant was constructed by the Wieland Company in 1921. Prior to the Borden acquisition, the plant facilities were greatly expanded by building around and over the original small plant while continuing to operate the small plant.

During the intervening years, The Borden Company continued to expand the facilities by constructing additional operating areas around all parts of the building.

This type of expansion, starting with the Wieland construction of a shell around an existing plant, and progressing through the Borden additions, has resulted in a sprawling, disjointed operation with similar functions scattered widely. As an example, the plant has five different filling rooms. The operations are distributed over three floors, including a basement. These additions have exhausted all available land, and have resulted in extremely crowded operating conditions for the movement of distribution vehicles.

The above combination of factors has made it extremely difficult to maintain reasonable operating efficiency, and it is impossible to achieve maximum efficiency.

The Tripp plant receives and processes approximately 6,000,000 pounds of milk per week, and operates on a five day week with an average daily processing of 1,200,000 pounds, including cottage cheese manufacture.

It produces for the Irving Park and Holland Road wholesale branches, the five Chicago retail branches, four outlying wholesale and retail branches, including Rockford, Illinois, and produces cheese and some by-products for the Hammond, Indiana region.

#### Present Facilities (Hammond, Indiana)

The present Hammond, Indiana, operations consist of a fluid milk processing plant, and a milk and ice cream distributing branch located near downtown Hammond. This operation serves northwest Indiana, East Central Illinois, and a small part of southwestern Michigan.

The existing plant was built by the predecessor company in 1923, and was acquired by The Borden Company in 1929. Over the years, several additions have been constructed around the original two story, plus basement structure.

The plant receives and processes approximately  $1,800,000$  pounds of milk per week, and operates on a five day week with an average daily processing of  $360,000$  pounds.

*revised*  
 $21,260$   
 $5.6$   
 $23,058 \text{ lbs. of milk} = 448,060 \text{ g.}$   
Proposed New Facilities

*Deduct 16 1/2 = 86651*  
 $15,167 \text{ g.} = 736217$   
 $1246.20 = 65631$   
 $16.54.1 = 972573$   
 $19 = 101,121$   
 $20,093 = 125,692$   
 $52,589$   
 $116,207 = 222,300$   
 $52,589$

It is proposed to abandon the present Tripp-Irving Park plant and distributing operation, and the present Hammond plant and distributing operation. There would be constructed a new milk processing plant, a new Irving Park wholesale route and vendor distributing branch, improved facilities, including chill room at a south side distributing branch, and a new wholesale and retail distributing branch for the Hammond-Gary, Indiana, area, for both milk and ice cream.

The new milk processing plant would be a fully mechanized, palletized single structure plant, from which only trailers for the transportation of finished product would be loaded. It is to be located close to fast-moving

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traffic arteries, about 70 miles northwest of Chicago, in the heart of the Chicago milk producing shed.

#### Reasons for this plant

Present Chicago and Hammond milk plants, while modernized considerably in recent years, enabling us to close three metropolitan Chicago milk plants, at a total estimated cost reduction in processing and material handling of approximately 2 million dollars over the past five years, nonetheless, cannot be further improved to the maximum degree required to insure future reasonable profits and growth under present day exceedingly tough competitive conditions. Projected annual savings are estimated at \$1,512,000 when the full potential is attained. Little, if any, further operating savings are realizable at present plants regardless of capital expenditures.

#### Why build a milk plant 70 miles from Chicago?

While there are considerable indeterminate values as relate to labor stability in a small town v. metropolitan Chicago, there are quite important economic factors favoring the location of a milk processing plant in the 70-mile zone Federal Milk Marketing Order area. First, and of most importance, is the saving to be realized in raw product cost by the elimination of a country receiving station and receiving of milk from direct farm tank pick-up trucks. For the first two years annual savings will be \$222,182. The next year they will be \$384,342. Thereafter such savings will be \$505,962 annually. There will also be savings in raw product transportation costs of \$306,980 annually. Combined, then, such savings, after the second year will be \$812,942 annually. Since added finished product transportation costs will be increased over present costs, \$576,323 annually, savings resulting from the location of



this plant (metropolitan Chicago location v. 70 miles from Chicago location) will be \$236,619 annually.

Before we would begin construction of this plant, we would enter into an agreement with the Pure Milk Association, a producers cooperative, to sell us four of their receiving plants in the 70-mile zone, and diverting the milk to our new plant. This agreement can be made. Its costs are calculated in our raw milk prices.

#### Investment

Before we closed our Englewood, Chestnut Street and Belmont plants, our net investment in land, buildings, and equipment which is considered part of the buildings, in metropolitan Chicago and Hammond, was \$1,874,175. With no further charge, except depreciation, to Dec. 31, 1964, the year in which we would expect to get into these new facilities, the present properties will have a net value of \$2,218,535. Our investment in land, buildings and equipment, therefore, is up \$344,360. As stated earlier, however, this added investment in these properties over the past five years has cut our processing and material handling costs at least 2 mills per point, equalling 2 million dollars.

Machinery and equipment, in addition to land and buildings for Chicago and Hammond plants will have a net remaining book value on Dec. 31, 1964, of \$969,614. Since we cannot move very much of this equipment to the new plant because of physical operating problems, and also because of larger capacity equipment, it is intended that we use some of this equipment in other Central Division plants in the two succeeding years, transfer to other Borden Districts, or sell on the outside.

Estimated costs for new facilities are \$205,000 for land, \$2,651,000 for buildings, \$2,362,553 for equipment or a total cost of \$5,248,553. Since

the Dec. 31, 1964 investment for present facilities, which are to be replaced, will be \$3,188,149, gross investment in old and new facilities before sale and disposal of non-usable land, buildings and equipment, will be \$8,436,702.

But, since the transfer of land and buildings to our Real Estate Department will be \$2,218,535, and machinery and equipment valued at \$919,338 will be disposed of, the investment in these properties after consummation of this project will be \$5,298,829. This compares with estimated Dec. 31, 1964, values of present facilities of \$3,188,149. Increased investment after completion of project and property disposal will be \$2,110,680, which increased investment will be returned based on annual savings of \$1,512,500-in 1.39 years.



Section No. 3 - Investment

Estimated Cost of Construction, Machinery  
and Equipment to Replace Existing Plant  
and Branch Facilities at Chicago, Illinois  
and Hammond, Indiana

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The proposed plant would be a single story structure located on about 15 acres in an area approximately 70 miles from Chicago in the center of a major milk producing area.

The plant would be fully automatic and the movement of finished goods would be on pallets. No route distribution operations are planned at this point and the plant would handle trailer loading only. The loading operations at the Irving Park, South Side and Hammond locations will be pallitized to the fullest extent possible under the new construction being provided for at each branch location.

Practical operating considerations prevent the utilization of existing machinery and equipment in the new plant because of the necessity of having the new plant operating before the old plant is shut down. It is the consideration that much of the old plant machinery and equipment be utilized in other Central Division plants thus reducing somewhat subsequent capital budget requests.

The estimated cost of construction, machinery and equipment to replace existing plant and branch facilities is as follows:

New Country Processing Plant

Land	\$ 100,000
Building	1,949,000
Machinery and Equipment	<u>2,297,553</u>
Total	<u>\$4,346,553</u>

New South Side Branch

Land	Leased
Building	\$230,000
Machinery and Equipment	<u>20,000</u>
Total	<u>\$250,000</u>

New Irving Park Branch

Land	\$ 75,000
Building	265,000
Truck Repair Building	40,000
Machinery and Equipment	<u>25,000</u>
Total	<u>\$405,000</u>

New Hammond Branch

Land	\$ 30,000
Building	197,000
Machinery and Equipment	<u>20,000</u>
Total	<u>\$247,000</u>

Grand Total

Land	\$ 205,000
Buildings	2,681,000
Machinery and Equipment	<u>2,362,553</u>
Total New Investment	<u>\$5,248,553</u>

In addition certain machinery and equipment presently in use will be utilized having a value of \$50,276.

The total investment in the new plant and branch facilities amounts to \$5,298,829 as follows:

Land	\$ 205,000
Buildings	2,681,000
Machinery and Equipment	<u>2,412,829</u>
Total	<u>\$5,298,829</u>

Present InvestmentNOV 2 1971  
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The present investment (net) in plants and equipment computed as at December 31, 1964 is as follows:

	<u>Chicago</u>	<u>Hammond</u>	<u>Total</u>
Land	\$ 83,210	\$168,494	\$ 251,704
Buildings	1,452,661	514,170	1,966,831
Machinery & Equipment	<u>721,728</u>	<u>247,886</u>	<u>969,614</u>
<u>Total</u>	<u>\$2,257,599</u>	<u>\$930,550</u>	<u>\$3,188,149</u>

Disposal of Present Properties

The Chicago office of the Real Estate Department has estimated a sale value of the land and buildings to represent the following:

Chicago	\$500,000
Hammond	<u>137,000</u>
<u>Total</u>	<u>\$637,000</u>

The machinery and equipment has been reviewed as to categories of use, and/or disposal which discloses the following status:

Considered usable for subsequent requirements for plant changes in other Central Division plants.

\$ 639,228

Subject to transfer to other plants or sale.

251,381

Usable in new plant.

50,276

To be scrapped.

28,729

Total

\$ 969,614

This additional capital investment remaining after existing facilities are sold and/or used in operations would represent the following:

	Land	Buildings	Machinery & Equipment	Total
New Investment	\$205,000	\$2,681,000	\$2,412,829	\$5,298,829
Present Investment	251,704	1,966,831	969,614	3,188,149
<u>Increase</u>	<u>(\$ 46,704)</u>	<u>\$ 714,169</u>	<u>\$1,443,215</u>	<u>\$2,110,680</u>

The machinery and equipment considered usable for subsequent requirements for plant changes in other Central Division plants is not considered as increased investment as such would replace future capital budget requests. While this equipment has a net value of \$639,228 as of Dec. 31, 1964, its original cost amounted to \$1,375,956.

The net value of the present facilities computed to Dec. 31, 1964 does not include or recognize additional depreciation accruing to buildings and equipment purchased in 1954 and subsequent years under the declining depreciation method, which additional depreciation is not recorded per the Division books but which will be included in any tax computation made covering the disposal of such property.

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Section No. 4 - Annual Savings

Estimated Annual Savings Resulting from  
Construction of New Plants and Branch  
Facilities at Chicago, Illinois and Hammond,  
Indiana to Replace Existing Facilities

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This project it is estimated will produce annual savings of \$1,512,500 as follows:

Savings on Raw Milk Procurement	\$ 505,962
Savings on Decreased Manpower Required	1,068,363
Savings on Reduction in Other Costs	<u>207,518</u>
Sub-total	\$1,781,843
Deduct: Increased Transportation Costs	<u>269,343</u>
Total Net Savings	\$1,512,500
Return on Investment	<u>28.8%</u>

$\frac{1,512,500}{5,298,829} = 28.8\%$

These savings result from the construction of new plants and branch facilities at a cost of \$5,248,553 which investment is returned at a rate of 28.8% annually.

This investment however, only represents the employment of additional capital of \$2,110,680 over the current investment for the land, buildings and equipment used currently to service the Chicago and Hammond requirements.

With the exception of raw milk savings, all of the cost savings are attainable during the first year of the new plant and branch operations. The progression of raw milk savings is as follows:

First 24 months of operation	\$222,182 annually
Next 12 " " "	\$384,342 "
Subsequently Thereafter - Attainment of Full Supply Requirement	\$505,962 annually

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Section No. 5 - Raw Milk

Detail Information in Regard to Raw  
Milk Cost Savings Resulting from  
Construction of New Plants and Branch  
Facilities at Chicago, Illinois and  
Hammond, Indiana to Replace Existing  
Facilities

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Raw Milk

The present major source of raw milk supplies is the Pure Milk Association, a producer co-operative, which operates numerous country receiving plants throughout Illinois and Wisconsin. From these country plants the milk is hauled in over-the-road tankers to the Tripp plant.

Our current buying arrangement provides for the payment of 27.5 cents per 100 pounds over the Federal ordered price f.o.b. the country plants. This price includes 10 cents per 100 for farm bulk tank premium and the balance provides for the receiving plant charge.

The proposed plant would be located approximately 70 miles from Chicago in the center of a major milk producing area. In this area the Pure Milk Association operates four country plants which they have agreed to abandon and allow the milk to come to our plant in bulk tankers direct from the farm. The four receiving plants would be sold and the difference between the sale price and the book value would be amortized by the Borden Company paying 2 cents per 100 until paid for. The approximate net amount to be amortized would be \$100,000.00, which would be paid off in approximately 1-1/2 years.

The Pure Milk Association has agreed to the following price arrangement over the Federal ordered price:

Bulk Tank Premium	.10 per 100
Field Service and Check Writing	.05 per 100
Amortization of Receiving Plants	.02 per 100
Temporary Premium to Assure Supply	.05 per 100
Plant Location Adjustment	.02 per 100
Total	.24 per 100
Net Saving	.035 per 100

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The present total raw milk requirements for Chicago are approximately 6,000,000 pounds per week of which 900,000 pounds are required for cottage cheese and 5,100,000 pounds for all other needs. The annual requirements would be 265,200,000 pounds for all other needs and 46,800,000 pounds for cottage cheese.

The immediate annual savings on the milk and other than cottage cheese, based on a 3.5 cents reduction, would be \$92,820.00. (265,200,000 x .035 per cwt.)

The present cottage cheese milk requirements are procured through buying skim milk at a price of \$1.13 per 100 pounds f. o. b. the Chicago plant. It is proposed to purchase whole milk on the above basis and separate to provide skim and butterfat requirements. The surplus butterfat will be utilized in our Fond du Lac butter manufacturing operation.

Based on an estimated average Class III Federal Order price of \$3,0375 and a price of 122 over the estimated average price of 93 score butter of .5750 for the surplus fat f. o. b. Fond du Lac, the annual savings would be \$98,540.00.

The four Pure Milk Association plants would be able to supply on a daily basis from 700,000 pounds in the flush season to 550,000 pounds in the short season.

The total daily requirements on a seven day basis would be 860,000 pounds. The balance of the requirement would be developed by taking on existing other producers in this area, using as an incentive the 5¢ per hundred premium.

Upon the full development of the total supply and the elimination of the amortization charge for the receiving plants, an additional saving of the premium plus amortization of 7¢ per hundred can be realized. On an annual basis

this will provide additional savings of \$218,400.00 based on total requirements of 312,000,000 pounds annually. 918a

The Hammond annual requirements of 93,400,000 pounds is procured from can, bulk tank and long haul tank sources and averages out at a cost of 27.3 cents over the ordered price exclusive of Market Administrator and Milk Foundation charges. Under the proposed buying arrangement, the cost would be 24 cents over for a net saving of 3.3 cents per 100, with an annual saving of \$30,822.00. This is f. o. b. plant in both cases, and further raw milk transportation savings will not accrue in the Hammond operations.

Upon the elimination of the 7 cents premium and amortization charge, an additional annual saving of \$65,380.00 can be realized.

A summary of the above indicated savings resulting from the construction of new plant facilities in the area of farm milk production is as follows:

Savings During First 12 Months

Chicago Raw Milk Receipts 265,200,000 x .035 per cwt.	=	\$ 92,820
" Cottage Cheese Separation & butterfat disposal	=	98,540
Hammond Raw Milk Receipts 93,400,000 x .033 per cwt.	=	<u>30,822</u>
<u>Total First 12 Month Savings</u>		<u>\$222,182</u>

Savings During Second 12 Months - Same as above.

Savings During Third 12 Months

Total Savings Shown in Detail for First 12 Months

\$222,182

Add: Additional savings due to the elimination of the amortization charge for receiving plants and the elimination of 40% of the premium payment

\$162,160

Total Third 12 Month Savings

\$384,342



Savings During Fourth 12 Months

Total Savings Shown Above for  
Third 12 Month Period

\$384,342

Add: Elimination of the remainder  
of premium payment based on the  
full development of the full supply

\$121,620

\$505,962

Total Fourth 12 Month Supply

Total Estimated Annual Requirements

For Fluid Milk Requirements

358,600,000 lbs.

For Cottage Cheese Requirements ;

46,800,000 "

Total Estimated Annual Requirements

405,400,000 lbs.



~~CONFIDENTIAL~~Section No. 6 - Labor

Detail Information in Regard to Labor  
Cost Savings Resulting from Construction  
of New Plant and Branch Facilities at  
Chicago, Illinois and Hammond, Indiana  
to Replace Existing Facilities

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At the present time 165 employees are engaged in production and trailer loading operations at the Chicago Tripp Ave. Plant, 40 employees are engaged in loading and unloading route vehicles at the Chicago Holland Road and Irving Park branches and 54 employees are engaged at the Hammond, Indiana plant in production and trailer and route truck loading and unloading or a total of 259 employees.

These employees are members of Locals 754 and 835 (Teamster) and do not include management personnel, laboratory workers, fieldmen, engineers, and mechanics.

It is estimated that based on present production and sales requirements the proposed facilities would require a total of 156 employees as shown below by functional requirements.

<u>Classification</u>	<u>Number of Men Required</u>			
	Total	New Plant	Irving Pk. and Holland Road	Hammond Branch
Receiving	<u>4</u>	<u>4</u>		
Processing	7	7		
Filling & Packaging	42	42		
Cottage Cheese Making	7	7		
Trailer Loading & Cooler	21	21		
Trailer Unloading	5	5		
Clean-up	16	16		
Case Room	5	5		
Dry Storage	3	3		
Rest Period Relief	4	4		
Working Foremen	5	5		
Office	4	4		
Route Vehicle Load & Unload	<u>33</u>		<u>28</u>	<u>5</u>
Total	156	123	28	5

engine room completely automatic, and 5 management supervisors and 2 fieldmen will be eliminated.

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The total labor savings inclusive of fringe costs will result in annual savings of \$1,068,363 as follows:

<u>Chicago</u>	<u>Annual Savings</u>
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60 Production and Trailer Loading men

eliminated at an average annual wage cost of

\$9,607.92 including fringe costs

\$576,475

5 operating Engineers reduced at an

average annual wage cost of \$10,150.40

50,752

Elimination of contracted outside

electrician and steam fitter labor

6,572

Reduction of 12 Route Loading Men at

Holland Road and Irving Park branches at an

average wage cost of \$9,672 - including

fringe costs

\$116,064

Sub-total Chicago

\$749,863

Hammond

21 Production men, plant mechanics and

engineers reduced at an annual wage cost of

\$8,920 - including fringe costs

\$187,320

10 Trailer and Route Loaders reduced

at an annual wage cost of \$8,025 - including

fringe cost

80,250

5 Supervisors and 2 Field Men reduced

63,296

Increased Wage Cost due to higher wage

rates under the Chicago Union contract

covering 18 men.

( 12,366 )

Sub-Total Hammond

\$318,500

Grand Total Annual Labor Savings

\$1,068,363

Section No. 7 - Transportation

Detailed Information in Regards to Increased Transportation Costs Resulting from Construction of New Plant and Branch Facilities at Chicago, Illinois and Hammond, Indiana to Replace Existing Facilities

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Transportation Costs

The location of the plant in the 70 mile zone will result in a 11.5 cents per hundred saving in raw milk transportation on annual requirements of 265,200,000 pounds exclusive of cottage cheese milk, which will result in an annual saving of \$306,980.00.

Increased transportation costs on finished product to Chicago branches will amount to \$271,500.00 annually. The present fleet of 74 trailers and 17 tractors will be adequate to handle the proposed operation.

The areas of increased costs are as follows:

Trailer Costs	\$ 12,600.00
Tractor Costs	130,300.00
Driver Costs	105,900.00
Tollway Costs	<u>22,700.00</u>
Total	\$271,500.00

The delivery of Canco milk containers, which is presently freight free, will be increased by \$10,135.00 annually. *note: 137 off books on cost table above*

Increased transportation costs on finished products to Hammond will amount to \$294,688.00 annually. This is based on an analysis of proposed distribution operations originating at the new plant. Most of the present Hammond transport operations are handled by outside contractors at a 30 cents per mile charge with the Borden Company furnishing the trailers. The proposed increased mileage is calculated at the 30 cent rate.

It is estimated that the merging of the Hammond and Chicago tractor-trailer fleets will provide enough rolling equipment.

Transportation

A summary of total transportation cost changes discloses the following:

	<u>Decreased Cost:</u>	<u>Increased Cost:</u>
Raw Milk Transportation ..	\$306,980	
Finished Products to Chicago		\$271,500
Hauling of Carco Containers		10,135
Finished Products to Hammond		<u>294,688</u>
<u>Totals</u>	<u>\$306,980</u>	<u>\$576,323</u>
Net Increased Cost Annually		<u>\$269,343</u>



Section No. 8 - Other Cost Savings

Detailed Information in Regard to "Other Cost" Savings  
Resulting from Construction of New Plant and Branch  
Facilities at Chicago, Illinois and Hammond, Indiana  
to Replace Existing Facilities

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Other Cost Savings

Annual savings covering other elements of cost and overhead and burden are estimated at \$207,518.

These represent the following items:

Item

Utilities

Annual Saving \$50,000

The total expenditure for utilities at Hammond amounted to \$66,000 annually. Of this amount only \$6,000 - will be required for the Branch operation. It is estimated that approximately 50% of the remainder or \$30,000 will be saved. In addition the projected overall more efficient use of facilities is estimated to reduce present Tripp Ave. costs by \$20,000

Repairs to Buildings and Equipment

Annual Saving \$55,000

This estimate is projected on the basis of repair and maintenance cost experience over the past several years at Tripp Ave. compared with experience at modern automated plants plus the elimination of the Hammond operation where repairs averaged \$50,000 - annually.

Cleaning Materials

Annual Saving \$20,000

Represents the more efficient use of cleaning powders, liquid cleaners, etc. as well as savings from the closing of the Hammond plant.

Leased Property

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Annual Saving \$16,650

Represents the decreased cost of

parking lots and buildings at Hammond.

DepreciationAnnual Saving \$44,082

Represents decreased depreciation on

new buildings and machinery and equipment  
compared to present properties.Property TaxesAnnual Saving \$12,547

Represents decreased property taxes

on new buildings and machinery and equipment  
compared to present taxes and is based  
on data furnished by the Chicago Real Estate  
office.Miscellaneous Other ExpenseAnnual Saving \$15,000Represents estimate of other decreased  
costs based on review of cost elements at  
Chicago and Hammond Plants.Wood PalletsAnnual Increased Costs (\$5,791)Based on the use of 4,964 pallets in  
service at a cost of \$3.50 each such costs  
amortized on a 36 month basis.Total Net Annual Savings\$207,518

Section No. 9 - Non-Recurring Expenses

Detailed Information in Regard to Non-Recurring Costs  
Resulting from the Construction of New Plant and  
Branch Facilities at Chicago, Illinois and Hammond,  
Indiana to Replace Existing Facilities

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Non-Recurring Expenses

During the first twelve months certain costs will be incurred in connection with the project which are non-recurring as follows:

<u>Item</u>	<u>Estimated Cost</u>
New Rear Doors for 94 Trailers and 50 wholesale trucks to provide for pallet loading.	\$ 72,000
Estimated Severance Pay for 108 men at \$1,000 - per annum.	108,000
<u>Total Non-Recurring Costs</u>	<u>\$180,000</u>

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Section No. 10

Equipment Detail

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Engine Room

Refrigeration - Entire Plant \$260,000  
2 - Air Compressors 22,000

Boiler Room

2 - 600 H. P. Boilers 40,000

Milk Receiving Room

3 - Flow Meters 6,000  
3 - Parts Washers 1,500  
Load Cells 10,000

Processing Room

3 - 60,000# Clarifiers 75,000  
4 - 10,000# Cold Milk Separators 28,350  
2 - 60,000# HTST Systems with Homos 126,000  
1 - 20,000# HTST System with Homo 30,500  
10 - 1500 gal. Round Processing Vats 92,740  
2 - 500 gal. Round Processing Vats 11,630  
1 - Liquid Sugar System Leased  
6 - Parts Washers 15,000  
9 - 25,000 gal. Silo Milk Storage Tanks 193,000  
10 - 10,000 gal. Silo Milk Storage Tanks 152,300

Filling Room

2 - Gallon Pure Pak Fillers Leased  
3 - 1/2 gal. Pure Pak Fillers Leased  
1 - Quart Pure Pak Filler Leased  
4 - Canco Fillers Leased  
3 - Paper Dispenser Can Fillers Leased  
1 - Grace Cheese Mixer Available  
1 - Anderson Cheese Filler Available  
1 - Gallon Pure Pak Case Packer 14,000  
3 - 1/2 gal. Pure Pak Case Packers 34,800  
1 - Quart Pure Pak Case Packer 11,600  
4 - Canco Case Packers 52,466  
1 - Lot Paper and Glass Bottle Conveyor 50,000  
1 - Lot Case Conveyor 137,000  
1 - Glass Bottle Case Packer 14,400  
1 - Glass Bottle Filler 16,000  
10 - Case Stackers 38,600  
1 - Cheese Carton Packer & Case Scaler 25,000

Equipment Detail - New Processing Plant (Continued)Case Room

1 - Bottle Washer	\$ 20,000
3 - Case Washers	12,000
3 - Case De-Stackers	17,400
1 - Glass Bottle De-Caser	16,910
1 - Can Washer	6,000
2 - De-Palletizing Machines	40,000

Chill Room

3 Palletizing Machines	60,000
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Sanitary Piping and Valves

Completely automated sanitary piping  
and valve system

261,000

Cleaned In Place System

Automated C.I.P. system for lines,  
tanks and vats

60,000

Bulk cleaning materials handling  
system for cleaners, liquid caustic  
and conveyor lubricant

20,000

Cottage Cheese Make Room

6 - 30,000# Cheese Vats	39,000
1 - Curd-O-Matic Machine	28,000
12 - Jet Cookers	2,100
6 - 1500 gal. Starter and Mix Vats	55,700
1 - Cheese Can Washer	6,000
2 - 3000 gal. Cream Tanks	10,000
1 - 10,000 gal. Chilled Water Tank	15,000
1 - Water Chiller	10,000
1 - 1500 gal. Homogenizer	Available

Dry Storage Room

Storage Racks	12,000
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Dock - Loading and Unloading

1 - Dock Leveler	2,500
6 - RST 30 Automatic Fork Trucks	30,000

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Equipment Detail - New Processing Plant (Continued)

Dock - Loading and Unloading (Continued)

2 - WP-42250 Automatic Fork Trucks	\$ 3,800
Batteries and Chargers	<u>12,000</u>

Total \$2,197,296

Summary - Equipment Detail - New Processing Plant

Total Estimated List Price	\$2,197,296
Estimated Discount	<u>100,000</u>
Estimated Net	\$2,097,296
Illinois Sales Tax	62,918
Freight	22,000
Installation	<u>114,339</u>
Total	\$2,296,553

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ADDENDUM

TO

PROPOSAL

Construction of new plant and branch facilities  
at Chicago to replace existing plants and branch  
facilities at Chicago, Illinois and Hammond, Indiana.

ADDENDUM

The purpose of this addendum is to bring all factors relative to proposals concerning the new Chicago plant and branch facilities to a current status.

The decision has been made to locate the plant on the U. S. Highway 14 By-Pass on a 24 acre site contiguous to the City of Woodstock, Illinois. We are proceeding to work out a system of ingress and egress to Highway 14 that will provide maximum vehicle safety operations. A nationally known traffic engineering consultant has been retained to advise us on this matter, and he is presently working with state and county highway officials to provide the necessary facilities. He has assured us that this matter can be worked out to our satisfaction. We will then proceed to secure annexation and zoning from the city, and we do not anticipate any unusual problems connected with this matter. The cost of this site will be \$55,000.

We have agreed to participate with the City of Woodstock in construction costs relative to expanded water and sewage facilities to adequately serve our water and normal milk plant sewage. The total estimated cost of this expansion is \$343,000, and we have agreed to pay \$125,000 of this amount.

We have agreed with the city to handle our own cottage cheese whey disposal. It is our intention to direct maximum efforts towards developing a whey derived food, and it is our belief that we will be successful to the extent, at least, of realizing a return equal to all costs including depreciation. The estimated costs of these facilities are \$250,000. We do not estimate that the solution to this problem will be completely resolved in time to meet these



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facilities upon completion of the milk plant. We, therefore, will need these funds until 1965. During this interim period, we will need the money from the plant.

The current estimate of machinery and equipment capital requirements for the Woodstock plant is \$2,427,653, which represents an increase of \$131,100 over the original projection. This more recent estimate is based on a more thorough and exhaustive study, including current quotations, than was possible at the time of the original presentation.

### Summary of Current Status of Estimated Capital Requirements

Location	Land	Buildings	Machinery & Equipment	Total
Woodstock, Illinois				
New Plant	\$55,000	<del>\$1,700,000</del> \$1,982,500	\$2,427,653	\$2,427,653
Sewage & Water	125,000	--	--	125,000
Whey Food Plant	--	(25,000)	--	25,000
Total Woodstock	<del>\$180,000</del> \$180,000	\$2,022,500	2,427,653	\$4,630,153
Chicago Branches				
New Irving Park Branch	180,000	\$335,100	\$55,000	\$470,100
New Holland Road Branch	Leased	125,000	42,000	227,000
New Hammond Br.	30,000	152,300	25,000	207,300
Total Branches	<del>\$210,000</del> \$210,000	\$675,600	\$122,000	\$907,600
Total Plants and Branches	<del>\$390,000</del> \$390,000	\$2,698,100	\$2,549,653	\$5,637,753

\* It may be desirable to lease the building for the road building.

D. Property



Comparison of Current Versus Original Projection of Capital Requirements

	<u>Current</u>	<u>Projected</u>	<u>Increase (Decrease)</u>
Woodstock Land	\$ 55,000	\$ 100,000	\$ (45,000)
Woodstock Plant Building	1,949,000	1,949,000	--
Woodstock Machinery & Equipment	2,427,653	2,296,553	131,100
Sewage and Water	125,000	none	125,000
Whey Food Plant	\$ 250,000	none	\$ 250,000
Chicago Branches (3) (Buildings, land, machinery and equipment)	902,600	902,000	600
Total	\$5,709,253	\$5,247,553	\$461,700

\* Not required until 1965.

Current Status of Estimated Annual Savings

The estimated annual savings after expected economies are effectuated remain the same as in the original proposal - \$1,512,500.

This is based on the same original assumption that the total required capital would be available as cash. Should all or part of these funds be acquired through lease arrangements, estimated annual savings would have to be reduced by the increased cost of this source of funds. Leased funds would, of course, change our projected \$2,110,680 net increase in employed capital.

The projected annual savings are also based on our plan to develop a successful whey food that will return sufficient revenue to cover all costs. Should we have to resort to a whey disposal sewage system, it is estimated that projected

annual savings would have to be reduced by \$30,000.

The added depreciation cost of the relatively small amount (\$131,100) of increase over projected depreciable capital will be absorbed without affecting estimated annual savings.

### Estimated Effect of Various Leasing Alternatives on Projected Annual Savings

#### Lease Woodstock Building and Land

Estimated Cost of Building	\$1,949,000
Estimated Cost of Land	<u>180,000</u>
Total	\$2,129,000

Based on a rate factor of 6.50% including interest and principal, Annual Cost =

\$139,385

Projected Depreciation Annual Cost \$1,949,000 - 50 year life

38,980

Net Reduction in Projected Annual Savings

\$ 99,405

#### Lease Woodstock Plant, Machinery & Equipment

Estimated Cost of Machinery & Equipment	\$2,427,653
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Based on interest rate of 4.75%

First Year's Net Reduction in Projected Annual Savings

\$115,313

Note: Average net reduction in projected annual savings over the life of the equipment would be approximately \$57,656.

Lease Woodstock Building, Land & Equipment

Net savings reduction, land & building	\$ 99,405
Net savings reduction, machinery & equipment	<u>115,313</u>

Total net reduction in projected annual savings - building, land & equipment

\$214,718

Lease Holland Road Branch Building

The existing Holland Road Branch operations are conducted on leased land. It is possible that the present lessor would be interested in an expanded lease arrangement that would include the proposed new building. Such an arrangement would reduce the required capital by \$187,700 and would reduce the projected annual savings by an estimated

\$ 11,255

Lease Alternative Effects on Employed Capital

Original Projection Net Increase in Employed Capital	\$2,110,680
Add Current Projection Increased Capital Requirements	<u>431,700</u>
Current Projection Net Increase in Employed Capital	\$2,572,380

Lease Woodstock Building & Land Only

Leased Value	\$2,129,000
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Net Increase in Employed Capital

\$443,380

Lease Woodstock Machinery Only

Leased Value	\$2,427,653
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Net Increase in Employed Capital

\$144,727

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Lease Woodstock Building, Land & Equipment

Leased Value                      \$4,556,653

Net Decrease in Employed Capital                      (\$1,984,273)

Lease Holland Road Building

Leased Value                      \$187,700

This would reduce any of the above alternatives  
employed capital by \$187,700.